





## NEWS: INTERNATIONAL

Treaty would be important step to goal of trading bloc covering the Americas

## Bush seeks go-ahead for Chile free trade pact

By David Dodwell, World Trade Editor, and Nancy Dunne in Washington

PRESIDENT Bush is expected to ask Congress for permission to negotiate a free trade agreement with Chile during a visit to Washington by Chilean President Patricio Aylwin which starts on May 13.

The pact would be the first between the US and a South American country and an important stepping stone towards President Bush's goal

of a free trade bloc covering the Americas.

Politically, it would send a message to the stalled GATT negotiations that, as with the North American Free Trade Agreement (Nafta), the US will not sit and wait for liberalised trade.

Congressman Jim Kolbe, an Arizona Republican and a prime Congressional mover behind the Nafta, said the president was likely to move quickly on Chile while he still had Congressional authorisation for "fast track" negotiating authority.

This allows him to submit a trade agreement to Congress for a yes or no vote with no amendments allowed. His power to use "fast track" expires on March 1 next year.

Because of the rapid pace of its economic liberalisation, Chile falls into a special category of trading partners in Latin America. Other countries in the region, queued up for Free Trade Agreements (FTAs) under the Enterprise for

Americas Initiative, cannot expect such early consideration until their reforms are further advanced.

Hints that the Chilean negotiations would start soon have recently been dropped by US Administration officials. Mr David Mulford, the US treasury under-secretary, last week said the talks should begin within the next two months. Chile has since April last year declared an FTA with the US to be top priority. A free trade agreement with Chile is considered

relatively uncontroversial in the US. Unlike Mexico, its total population of 13m is not seen as threatening to US jobs.

The economies are highly complementary. Two way trade in 1990 reached \$2.84bn, (\$1.6bn), 18 per cent of Chile's foreign trade.

## EEA signing set to intensify talks over 'bigger EC'

By David Buchanan in Oporto

SIGNATURE later here today of the European Economic Area (EEA) treaty, giving seven more countries effective half-membership of the European Community, looks like accelerating a hotly-contested debate on its enlargement.

The main formal business on enlargement, for foreign ministers of the Twelve at their regular six-monthly meeting, is to join their counterparts from the seven European Free Trade Association (Efta) countries in signing the EEA pact. This needs ratification by EC and Efta parliaments by the end of this year so that the plan, extending the single EC market to Efta, can be effective next January 1. The chief hurdle will be a Swiss referendum.

But three Efta states, Austria, Sweden and Finland, have already applied for full membership. Mr Jacques Delors, Commission president, has warned that his report on the institutional implications of enlargement for the June summit in Lisbon will shock existing member states.

At this weekend's meeting he may be asked to expand on his emerging idea of upgrading the Commission into a more powerful political executive, whose head would be elected by the European Parliament and which would be accountable to that body and the European Council, as EC treaties are known.

As yesterday's meeting began, an official of the UK, which takes over the EC presidency in July, warned that Mr Delors is launching another big debate so soon after the Maastricht treaty, "could stop the whole show".

The UK believes the EC must focus on issues such as future financing and membership of the EC. But Commission officials are frustrated at the way the rotating presidency system overstretchers small countries, such as Portugal at present, often to steer the Community. The emerging Delors plan is not to replace the presidency, but create a more powerful EC executive in foreign and economic policy-making. Its head could act as de facto EC president, leaving the national presidencies a more ceremonial role.

## Kabul becomes target for new 'Great Game'

By Steve Levine in Kabul

IN the week since the Mujahideen rebels seized power, Kabul has become both the target of a regional scramble for power, and an island in a fragmented nation ruled by local warlords.

In the regional power struggle, Pakistan and Iran are competing for influence in a new Afghanistan that will provide a long land route to the prized former Soviet central Asian republics. Saudi Arabia, flush with oil dollars, also is seeking a voice in Kabul.

Pakistan's Prime Minister Nawaz Sharif has openly acknowledged his interest in re-opening the pre-1917 trade route between Tashkent and Peshawar.

This week, he pressed the point by flying in with his army chief of staff, Asif Nawaz, and intelligence director, Javed Nasir. Also aboard the aircraft were Saudi Arabia's intelligence chief Prince Turki bin Al-Faisal and 60 Pakistani journalists.

Less openly, Iran has made clear its interest in fostering a loose, Persian-speaking union which it would like to see include northern Afghanistan

and Tajikistan. The official Pakistani visit was seen as the opening salvo of an expected stiff competition. It was an attempt to say: "We have got here first."

"This is a kind of signal to others, including Iran, that we have established ourselves," said an Asian diplomat. "We don't know what Iran's reaction will be."

In this evolving competition following the end of the 13-year war, Afghanistan has again assumed its historical role as a crossroads for greater powers seeking regional influence and corresponding wealth.

Northern Afghanistan has undetermined but estimated rich deposits of emeralds, gold and lapis lazuli. A toehold here could make it easier to establish stronger contacts with Uzbek, Tajik and Turkmen over the border, where there are large deposits of uranium, oil and natural gas, in addition to a huge cotton crop.

"For all three countries, Afghanistan is vital as a stepping stone to Central Asia," said another diplomat. "Whatever happens will have repercussions on the rest of the region." The scramble for power is occurring amid the



Afghanistan's interim President Mujadidi addresses supporters while visiting the Kabul burial ground of his ancestors

confusion of Afghanistan's new domestic struggle.

Kabul's power over the countryside appears to have unraveled to its worst state since before 1980, when, after decades of instability, the then Emir Abdul Rahman patched together the whole of Afghanistan under his rule.

The main cities and small villages in the countryside have come under the control of

figures who are effectively local warlords.

In western Herat, the local strongman is Ismail Khan, a former army officer who defected to the Mujahideen early in the war. In the south-eastern capital of Kandahar, the strongman is Jalaluddin Haqqani.

The potential of regions simply spinning off in their own direction, Herat toward Iran,

Mazar-i-Sharif toward former Soviet Central Asia, and Jalalabad and Kandahar toward Pakistan, suddenly has become more than just a fear, since bankrupt Kabul can offer little inducement to remain in its domain.

In such a confused state, the fruits of the end of the war could simply be more years of misery for the Afghans; diplomats and Afghans have said in

interviews in the past few days.

"Apart from the boundaries of Kabul, the country is totally fragmented," said a European diplomat. "You go from village to village, and there is a different Mujahideen commander in each one."

"Who will pay the people (to remain loyal to Kabul)? If you don't pay, they will try to grab everything for themselves."

## Over 200 are killed in the Rift Valley

## Violence plagues Kenyan transition

By Julian Ozanne, Chapakundi, western Kenya

FACE down and bent over double, the lifeless body of Mina Njogu lies in a wet field full of ferns on the fertile slopes of Chapakundi, a remote farming village in western Kenya.

Falling raindrops glisten off his grey hair and beard. A rusty home-made arrow head sticks out of his neck. His head is covered in four inch deep cuts made by axes and machetes which ended his life.

Yesterday (Friday) five days after he was murdered his body still lay uncollected, one more victim in Kenya's mounting death toll from bitter tribal violence.

At least 200 people have been slaughtered in the hills and forests of Kenya's Rift Valley in the past two months in the worst explosion of ethnic conflict in the country since independence in 1963.

The violence threatens the country's transition from one

party rule to multi party democracy, coming under further strain today Saturday with the long-awaited return to Nairobi of Mr Kenneth Matiba, a leading government opponent.

Supporters are expecting an enthusiastic crowd to welcome Mr Matiba, a former cabinet minister, who was arrested in 1990 and detained for nearly a year before being allowed to leave Kenya for medical treatment in London.

The conflict has pitted president Daniel arap Moi's Kalenjin tribe against the Kikuyu, Kisii and Luhya tribes, in which traditional rivalries have been exacerbated by high population growth and growing competition for land and resources amongst the Kalenjin that they will lose out if the presidency changes hands.

The main street in Chapakundi is littered with clothes, empty suitcases and home made wooden shields. Mr Geoffrey Muturi, a Chapakundi resident, says hundreds of

Kalenjin warriors, dressed only in shorts, their faces covered in warpaint and armed with machetes and bows and arrows, first attacked the village last Saturday. In three days of fighting they killed at least 20 people, burned homes and looted shops.

On Monday they forced everybody to drop their possessions on the dirt road and flee to nearby towns. Mr Muturi says the fighters also destroyed title deeds to land and identity cards which enable people to vote in elections.

The same pattern of violence was repeated in the villages of Kaplamboi, Saosa, Korofa, and Olenguruone.

Yesterday, all along the muddy roads leaving the clash areas hundreds of scared people, mostly Kikuyus and Kisii, were still struggling on foot weighed down with heavy sacks stuffed full of the few possessions they could carry on their heads.

They are joining what has become a mass exodus of at

least 20,000 people to have abandoned their homesteads and farms and fled to the makeshift camps being set up in nearby towns mostly by the Catholic church.

Last March Kenya's Roman Catholic bishops issued a pastoral letter accusing the government of instigating the violence. Opposition leaders have claimed that Mr Moi is seeking a pretext to declare a state of emergency and delay elections, perhaps indefinitely.

Impending political change in tribal composition and the presidency has stirred deep fears.

Fears are widespread of an escalation in the conflict as more votes are lost and the elections, which must be held before next February, approach.

One of the greatest fears is that the clashes will spread to the multi ethnic towns and cities. Last week a Kalenjin man found carrying arrows was stoned to death in downtown Nairobi by angry mob.

## New times, new comrades new May Day in Moscow

By John Lloyd in Moscow

"It's the First of May here, what's wrong with that?" was the defensive splash headline yesterday in Pravda, the former main organ of the former Communist Party of the former Soviet Union. Its defensiveness was compounded by being placed next to a lead story which reported glowingly on a demonstration in Warsaw "For work and bread" organised by Solidarity, which Pravda had anathematised for most of the past decade.

New times, of course, mean new comrades: the former Communists who marched in modest numbers (about 10-15,000) in Moscow yesterday found, when they arrived in Red Square, that they were in the midst of a street party which the authorities had organised for orphans, and were surrounded by advertising hoardings, including a striking one proposing holidays in the Canaries - a genuflection to one of the party's sponsors, the

Spanish Ministry of Tourism.

It was the first First of May with no top Communist on the Lenin mausoleum: no banners on GUM, the vast department store (many departments, no stores); no obeisance to the Gods of 19th century historical materialism. Last year they got rid of the tanks: Mr Mikhail Gorbachev, the former Party general secretary, had stood on top of the tomb waving listlessly at a ragged procession. This year, the "workers" had to fend for themselves.

"Where are the workers?" asked one crane carrying a picture of Lenin. "I don't know, taking it easy," said an onlooker. "They should be here!" said the crane, waving a portrait of the Workers' Best Friend. "Their life is being destroyed, they should be here!" Certainly the march spoke in their name. Organised by the Moscow Federation of Trade Unions (there are many such bodies now) it stung out the slowly developing capitalist relations for attack. "Privatisation: the millionaire's fiancé and the workers' grave" (it rhymes in Russian); "Down with the dictatorship of the Mayor of Moscow and the President up with the dictatorship of the Workers' Councils". A man in a car screamed through a loudspeaker: "Privatisation: a foreign word for a foreign process!"

In other cities, turnout was smaller. In Ukraine, the Socialist Party, successor to the Ukrainian Communist Party, advised its members not to demonstrate because they had nothing to celebrate. Even on a fine MayDay, the old forces again showed their inability to capitalise on the economic grievances of the masses. Worst of all for the old Communists, the march showed they had competition on the left. Young Trotskyites handed out leaflets from the Spartacist League which called for the workers to arise. Privatisation is one thing; but when Trotskyists appear, the game is probably up. Capitalism is back.

## Turkey aid for Moslem republics

MR Suleyman Demirel, the Turkish Prime Minister mobilising a \$1.1bn package for Moslem republics in the former Soviet Union, arrived in Turkmenistan yesterday. Heater reports from Ashkhabad.

The Turkish leader will offer export credits and soft loans for purchases of food staples to Turkmenistan, as he has on previous stops in Uzbekistan, Kyrgyzstan and Kazakhstan.

Mr Demirel will also try to seal agreement on a proposed meeting of Moslem republics in Ashkhabad at the end of May, which Turkish foreign ministry officials said he would attend.

Turkey hopes to host a summit meeting in Istanbul in September or October, to review progress on cooperation.

Mr Umut Arlik, head of Turkey's newly-created development and cooperation agency, said Ankara was providing \$1.1bn in credits to the Moslem republics of the former Soviet Union.

Mr Demirel was expected to sign agreements on road transport, civil aviation, investment protection, broadcasting and help for small and medium-scale enterprises in Ashkhabad.

Turkmenistan will switch to a Latin-based Turkish alphabet from the Cyrillic script imposed by Moscow decades ago to strengthen control over Central Asia.

## East Germans find their homes are no longer their castles

Many live in fear of being forced out by their western neighbours, Leslie Collett reports from Kleinmachnow, Berlin

FRED HAUPT hanged himself from a tree outside his small wooden house in east Berlin this week. He was found by the bailiff who had come to evict him.

His is the second east German suicide within a month related to properties lived in by east Germans but claimed by west Germans. Mr Detlef Dalk, a local politician, from the east Berlin suburb of Zepernick where Mr Haupt lived, killed himself after his house was claimed by a west German. Mr Dalk left an open letter to Chancellor Helmut Kohl protesting at the government's principle of returning eastern property to western owners instead of indemnifying them.

East Germans occupying more than 1m houses and apartments claimed by westerners have been plagued by similar worries. Confrontation over the contested properties has done more to alienate "Wessies" and "Ossies" than any other development since unification in October 1990.

Demands by west Germans for access to "our homes" have been met by east German signs proclaiming the properties

"out of bounds for Wessies". Mr Wilfried Wähler and his wife Ingeborg say they live in perpetual fear of the west German owners of the house they have rented from the state for 32 years. They claim the owners are using every means to evict them, and blame their predicament on German unity.

"At first we were happy about unification but now we feel victims of an attack," Mr Wähler said. During the owner's long absence, Mr Wähler repaired the roof, built a garage, and meticulously tended the garden, at a time when building materials were obtainable only on the black market.

The Wähners live in Kleinmachnow, a leafy east German suburb of west Berlin with 11,000 residents. Until 1989 the town, whose streets ended at the Berlin Wall, was known locally as the "end of the world". Now 66 per cent of the houses have claims on them by former western owners.

When a representative of the owners first visited the Wähners in early 1990, he assured them they would be allowed to remain in the house perma-

nently. The following spring, the first eviction notice arrived ordering the Wähners to vacate the house within 10 days. "It is ruining my nerves," said Mr Wähler, a 65-year-old former electrical engineer.

Despite assurances by the local tenants' association that the couple could not be evicted under the terms of the unification treaty, the heirs threatened them with legal action, claiming they had not paid the rent, a charge they deny. "We expected capitalism to be more social but it is awful for many of us," Mr Wähler concluded.

East German houses are frequently sold by the west German owners to other westerners who, in Kleinmachnow, typically pay up to DM700,000 (\$238,450) for a small house and are then faced with sitting tenants paying a rent-controlled DM300 a month.

While the rent has doubled since last year, it is only one-seventh of that for a similar house in west Berlin. The westerners hope they can either eventually evict the tenants or raise the rent. "The conflicts of interest are awful," Mr Klaus Nitzsche, mayor of Kleinmach-



Mr Wähler: he blames his predicament on German unity

now, said. "New owners harass the tenants who regard their homes as social housing."

Mr Horst Abraham of the tenants' association in Kleinmachnow said the prospects for the Wähners and others will depend on whether the protection against eviction

guaranteed by the unification treaty expires this year as planned. He warned that, if it is not extended, owners will issue wholesale notices of eviction saying they need the houses. East Germans forced to leave their homes will have little chance of finding affordable

flats as virtually no new lower rental housing is being built.

Houses which belonged to Jews forced to leave Nazi Germany after 1935 often have several conflicting claims on them. They were expropriated and usually sold to Nazis, then expropriated again in 1945 and resold, often several times, to people who later left east Germany. The heirs of the original Jewish owners have been told by the government they will eventually get the houses if they submit claims. But this can take years.

People such as the Wähners were assigned their house by the state after the owner had left for the west. Although the owner retained title to the property, the house was taken over by a state trusteeship agency into whose special accounts, protected against withdrawals by the owner, the tenant paid his extremely low rent.

East Germans had the right to buy the houses from the state. Those who did before October 18, 1990, the day Mr Erich Honecker, the east German leader, resigned, were deemed by the German govern-

ment to have "honestly" bought their homes and cannot be dispossessed by former owners in the west.

The cut-off date was designed to stop former Communist officials and company directors, who had an inside track on obtaining state property, from keeping the real estate they purchased after this date. But many an official villa was sold cheaply to influential east Germans after October 1990.

Even those easterners who bought their houses before the cut-off have not been spared headaches. Their house purchases did not include title to the property on which the house stood, which under east German law remained state-owned.

Many former western owners have submitted claims to get back these properties, if not the houses on them. Bonn is considering a solution whereby easterners will be able to keep their houses as hereditary tenants. But this is of little help to tenants of contested houses such as the Wähners who see themselves as the losers of history.

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## Sales of cars decline in Japan

JAPAN'S economy showed signs of continuing weakness last month, with sales of new vehicles down 4.8 per cent from a year earlier, while seasonally-adjusted unemployment rose from 2.0 to 2.1 per cent during March, writes Robert Thomson in Tokyo.

However, Mr Tsutomu Hata, finance minister, said the government did not plan additional measures to stimulate the economy with the risk of rekindling inflation.

Consumer prices in Tokyo rose 2.3 per cent in April from a year earlier, compared to a 2.1 per cent increase in March.

## Hong Kong banks cut rates

Hong Kong's two note-issuing banks yesterday said they would be cutting their prime lending rates by 0.5 percentage points to 8 per cent on Monday, after the government signalled its desire for lower borrowing costs, writes Simon Holberton in Hong Kong.

The rate cut - designed to preserve the Hong Kong dollar's fixed rate with the US dollar - followed publication of inflation figures for March which showed annual inflation down to 9.5 per cent from 10.4 per cent in February.

## Kidnap theory in Exxon riddle

US law enforcement authorities believe the mysterious disappearance on Wednesday of a senior executive of Exxon could be a kidnaping, writes Alan Friedman in New York.

But New Jersey police investigating the case remain baffled as to what happened to Mr Sidney Reso, the 57-year-old president of Exxon's international division.

## Global warming treaty 'sell-out'

United Nations negotiators in New York were last night in the final stages of agreeing the wording of an international treaty on global warming, writes Clive Cookson, Science Editor. But environmental groups condemned the proposed text as unacceptably soft and "a sell-out to the US" because it does not commit the industrial countries to a firm target for cutting emissions of greenhouse gases.

## Guadalajara governor goes

The governor for the Mexican state of Jalisco has taken a year's leave in an effort to stem criticism of his conduct before and after the explosion at Guadalajara, the state's capital, which killed nearly 200 people, writes Damian Fraser in Mexico City.

## Deng foe backs faster reform

Veteran Chinese leader, Chen Yun, 87, has backed an accelerated programme of economic reform, writes Yvonne Preston in Beijing. This is significant because he has long been regarded as the principal opponent of Deng Xiaoping's strategy of rapid reform and advocacy of capitalist methods where they bring results.

## Sierra Leone closes borders

The west African state of Sierra Leone was cut off from the rest of the world yesterday following the military coup which forced President Joseph Momoh to flee to neighbouring Guinea, Reuters reports from Conakry.

The soldiers have suspended the constitution, imposed a curfew and a state of emergency. They have promised to introduce multi-party civilian rule as soon as they put down a simmering rebellion in the east of the impoverished country.



Police stand guard over suspected looters in Los Angeles, left, while youths kick a bystander in Atlanta, centre. The woman stealing toilet paper is dripping wet from the grocery store's sprinkler system

## Civil rights leaders urge Bush to act

By Jurek Martin

BLACK American civil rights leaders told President Bush yesterday that failure to address the underlying conditions behind the Los Angeles riots could mean years of trouble in the nation's inner cities.

Speaking after a White House meeting, Rev E V Hill, of the Mount Zion Baptist Church in Los Angeles, said the president had been told there was no problem in the world, including narcotics and aid to the Soviet Union, that was bigger than the racial tension in America's cities.

Asked if he trusted the president to take the right action, Rev Joseph Lowery, of the Southern Christian Leadership Conference, said: "He is the only president we've got." Quoting Rev Martin Luther King, he urged Mr Bush not to be consumed "by the paralytic analysis".

Rev Lowery, with others, had called on Mr Bush to convene a federal grand jury to investigate the beating of Rodney King. He said the president had not closed the door on this possibility.

Benjamin Hooks, of the National Association for the Advancement of Coloured People, said the question of police brutality could not be avoided. He demanded that the attorney-general proceed immediately with the federal prosecution of the King case.

John Jacobs, of the National Urban League, declared: "This is not just an LA thing." Arthur Fletcher, of the Civil Rights Commission, said what was happening "touches every household in America".

The message from all of them was that nothing less than a fully-fledged action programme would suffice. Mr Hooks, saying it was "unconscionable" we could even have this meeting with the president, declared this was "a defining moment in the history of the country".

Absent from the meeting was probably the most political of all American black civil rights leaders, the Rev Jesse Jackson, who said on Thursday that he had not been invited.

It was also noteworthy that Hispanic and Asian minorities, also very much affected by the riots, were not represented at the White House meeting, an indication both of the enduring influence of the black civil rights leaders in Washington and of the extent to which, rightly or wrongly, what happened in Los Angeles and elsewhere is seen principally as a black issue.

## Tough police action restores order to San Francisco

# Anarchy touches America's city streets

By Louie Kehoe in San Francisco and George Graham in Washington

ANARCHY still ruled on the streets of Los Angeles yesterday, while some semblance of order returned to San Francisco shaken by a night of violence.

The disorder in San Francisco followed a similar pattern to those a day earlier in Los Angeles. What began as peaceful protests, led primarily by student groups, erupted into wanton destruction and widespread looting in the downtown area of the city on Thursday night when the protesters were joined by multi-racial gangs of youths who seemed intent upon lawlessness.

Police motor bikes were set on fire, bottles and rocks were thrown, shop windows smashed and at least one car overturned.

In San Francisco, 600 police including reinforcements from several surrounding counties, acted immediately taking a

firm hand. They arrested more than 400 people during the course of the afternoon and evening. Mayor Frank Jordan declared a curfew at 9pm on Thursday and ordered police to strictly enforce it saying it was intent on preventing an escalation of violence to the levels seen in Los Angeles.

The San Francisco police response was in sharp contrast to Los Angeles where authorities have been totally overwhelmed by the scale of the mayhem and have so far made only isolated attempts to prevent property damage and theft. The latest count of arrests in Los Angeles, since the violence began on Wednesday, is not much higher than in one night of riots in San Francisco.

Clearly attempting to avoid any confrontation that could escalate racial tensions, Los Angeles police have been hamstrung. The National Guard, although heavily armed, has so far served only to protect properties avoiding confrontation

and direct intervention. Although rage over the decision in the Rodney King trial sparked the riots in Los Angeles, San Francisco, Seattle, Atlanta and other cities, it is now clear that other forces are at work.

The perpetrators of violence are not all black, nor are they all minorities. These are gangs of poor youths from the inner city ghettos of America, striking out and grabbing what they can in the midst of chaos.

Black leaders in many other regions reported a deep sense of anger and frustration after the King verdict, but only in a handful of other cities did protests spill over into violence.

Mobs of 200 or more rioted in Atlanta and Seattle, and in Las Vegas firebombs were thrown at two police stations and a police officer was shot in the leg. Police said they found a charred body in the wreckage of a burnt out shop.

Shots were also fired in Tampa and Birmingham, and arson was reported in Pitts-

burgh.

Las Vegas and Atlanta followed the lead of Los Angeles and San Francisco by ordering overnight curfews.

Elsewhere, black leaders looked for ways of challenging the anger that many blacks felt after the King verdict.

In Cleveland, for example, a youth leader named on television a number of police officers regarded as persistently racist.

"If the leadership follows through on it, that kind of thing could cool things down considerably," a local black politician said.

Many other cities, however, contain several of the ingredients for violence: depressed inner city neighbourhoods, youths with little education and less hope of employment, and heavily armed street gangs.

Meanwhile the rest of the world has reacted with a mixture of emotion and trepidation to the events of the last two days.

William Dawkins writes from

Paris: The Los Angeles riots are a symptom of the US administration's insufficient attention to social problems, French President Francois Mitterrand said yesterday.

"I do not want to give advice, out of respect for this great country, but as you are asking my opinion, I think there is an absence of social legislation and protection," Mr Mitterrand said.

He expressed sympathy for President Bush, but said he had "an extremely conservative political outlook and American society is conservative, economically liberal. We are seeing results of that."

The "scandalous" court acquittal of four white policemen filmed beating a black motorist was partly to blame, but poverty was the root cause. "There will always be incidents and there will always be injustices," said Mr Mitterrand.

There was no comparison between what happened at Los Angeles and the suburban dis-

order which shook parts of France last year, he stressed. France had the highest level of social protection in the world, said Mr Mitterrand.

AP adds: Elsewhere in the world, Pope John Paul II sent sympathy to the victims of the violence, Japan's biggest travel agency suspended tours to Los Angeles, and the media around the globe gave the riots top-billing yesterday, sidelining domestic news for the second straight day.

In Berlin, German left-wingers adopted the riot deed and injured as the theme of a march on May Day, a holiday in many European countries.

Newspapers poured out columns of largely indignant comment on the acquittal of the four white policemen in the videotaped beating of a black motorist, and analyses of US racial and economic troubles.

But most heads of government stayed silent about a crisis which for many European leaders was a reminder of racial tensions at home.

## Final blot on record of insensitive police chief

By George Graham in Washington

LOS ANGELES Police Chief Daryl Gates has been accused of nurturing one of the most brutal police forces in the country: now he is under attack for heeling the violence and then standing by as it rolled across poor black neighbourhoods.

Mr Gates acknowledged yesterday that his department had been overwhelmed by the scale of the violence. Police could only look on, outnumbered, as crowds looted shops, and moved in mostly to protect firefighters from attack.

The controversial police chief was said to have argued on Wednesday, the first night of rioting, against sending in National Guard troops, and only to have bowed later to evidence that his police force was incapable of handling the violence.

That the Los Angeles police department should have been overwhelmed by the riots may be understandable, but it represents one final blot on Mr Gates' reputation.

In his 14 years of office, his critics say he has built a heavily politicised force in his own image: aggressive, insensitive and widely tinged with racism.

Shortly after his appointment in 1978, Mr Gates told a rising star in the Los Angeles police force that he was not promoted because they were lazy, and he later suggested that the carotid choke hold - a police technique severely curbed in

1983 after police had killed 16 suspects with it - might be more dangerous for blacks because their arteries did not open up as fast as on "normal people".

In March, Mr Gates strongly defended the detective who had led an investigation 17 years earlier into the killing of an off-duty Los Angeles police officer, although a judge had just released the two men wrongfully convicted, calling police conduct "repulsive" and urging an immediate investigation of the "sordid record".

In 14 years he built an aggressive, insensitive police force widely tinged with racism

The detective involved now heads the unit which investigates shootings involving police officers.

But the Los Angeles police chief has almost complete protection from removal under a 1937 statute that followed a series of political scandals, and Mr Gates has developed political clout on top of this job security.

President George Bush last year called Mr Gates "an exemplary police chief," although at the time he called the conduct of the four Los Angeles officers - whose acquittal this week over the beating of a black motorist triggered this week's protests and violence - "sick-

ening" and "outrageous".

A high-ranking commission appointed after the beating, under the chairmanship of Mr Warren Christopher, a lawyer and former deputy secretary of state, concluded that the Los Angeles police department got results, in terms of arrests, but had developed a "deep mentality" that alienates the officer from the community.

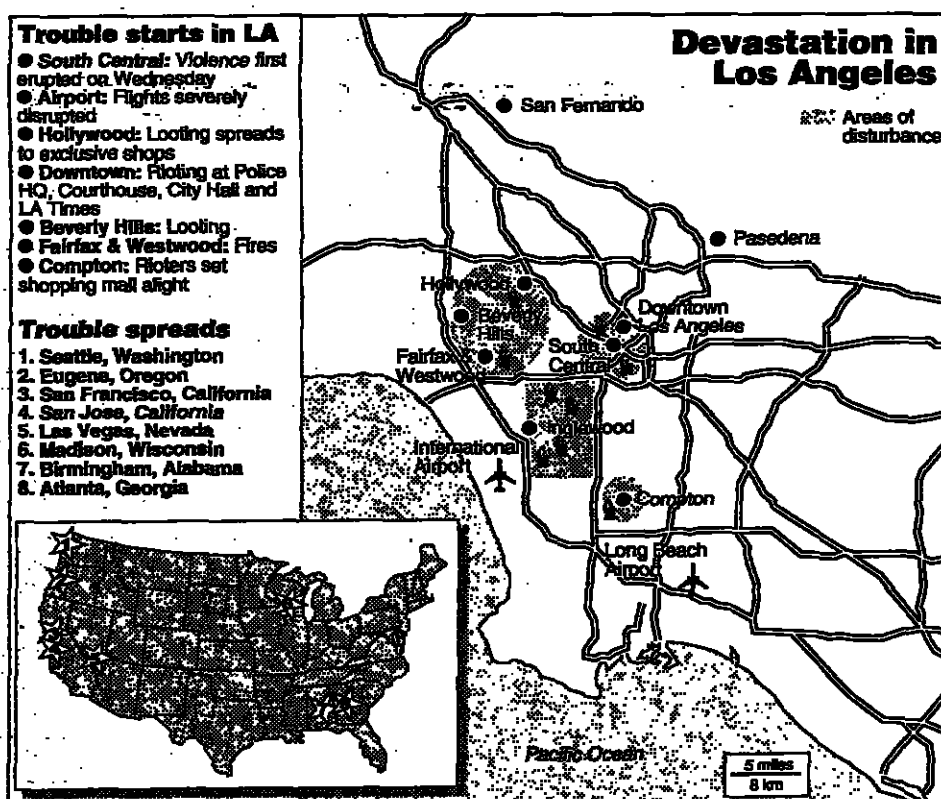
Besides recommending that Mr Gates should go, the Christopher commission urged a policy of community policing with more foot patrols, as well as measures to discipline racist police officers and to improve the investigation of complaints about police brutality.

The commission found that a significant minority of the Los Angeles police force "repetitively misuse force" without being properly disciplined.

Six months after its initial report, however, the commission noted that of the 44 officers identified as the object of six or more brutality complaints, two had been fired, three had resigned and 11 removed from field duty.

Mr Gates has finally agreed to step down in June. His replacement, Mr Willie Williams, will be the first black head of the Los Angeles force.

Mr Williams faces an uphill struggle, but he has drawn widespread praise as Philadelphia's police commissioner since 1988 for his success in bridging the gap between the police and the community - notably through the use of the foot patrol methods recommended by the Christopher commission.



## Insurance losses to top \$200m

By Richard Lapper in London

Insurance losses from civil disorders in Los Angeles and other US cities looks set to top \$200m and could reach a \$1bn according to some early estimates.

The firmest early indications of losses have come from Farmers Group, one of California's biggest insurers, which estimates its own losses at about \$50m.

Farmers, which is part of the BAT Industries group, will pay

all losses up to \$100m on its own account, reinsuring 95 per cent of claims above that level and up to the \$300m mark.

Mr Nicholas Balcombe, of loss assessors Balcombe Group, the UK affiliate of Adjusters International, which has offices in Los Angeles, expects insured losses, including the cost of consequential losses, to reach \$1bn.

A second form of loss adjuster Maxon Young also expects insured losses at this level.

The London insurance market, which provides reinsurance for a number of US companies, could also be affected.

An executive of one leading international broker, said: "We have already identified some severe impact to London."

Two particularly large losses in the Los Angeles areas would each lead to claims of more than \$10m, he added. The Insurance Information Institute, a New York-based industry grouping, has provided no estimates of its own.

## Politicians take common line across race and party divide

Jurek Martin on the leaders who have to pick up the pieces when the violence subsides

TOM Bradley and Pete Wilson. It would be hard to think of two politicians on the surface more different than Tom Bradley, mayor of Los Angeles, and Pete Wilson, governor of California.

The mayor is black, bulky, a Democrat, a cautious consensus builder and, at 75, near the end of a distinguished political career that has spanned 19 years running the state's biggest city, two unsuccessful attempts at the governorship and serious consideration, in 1984, as a vice presidential candidate.

The governor is white, trim, a Republican, a born again activist and, at 58, very much in his political prime, having

served as mayor of San Diego. In the US Senate and since the start of last year running the nation's biggest state. He is on everybody's shortlist as a presidential candidate in 1996.

Yet these are two men in whom surface appearances are deceptive. What has been striking in the 48 hours since Los Angeles erupted has been the identity of their opinions. Both have made no bones of their disbelief at the jury's verdict acquitting four police officers of the beating of Rodney King and both have warned that continued rioting will bring the full retribution of the law.

Tom Bradley is known locally as the "Teflon mayor", on whom, like Ronald Reagan,

no mud sticks. The son of a Texas sharecropper, a lawyer and former policeman, he is credited with keeping the lid on the volatile Los Angeles ethnic cocktail.

But he is also given credit for ensuring that downtown Los Angeles at least did not suffer the physical decay of so many other large American cities. He encouraged external investment in the urban centre, especially from the Japanese.

He has been criticised for not reacting sharply enough when the King beating hit the television screens in March last year and for not instantly calling for the removal of Daryl Gates, the controversial police chief.

But he did convene a special commission that produced a damaging report on the police department's practices and, finally, he did this March call for Mr Gates' retirement.

Pete Wilson was considered cautious too, when he took over the governorship at the start of last year, but no longer. For his tenure has been remarkable for his breaking with Republican orthodox doctrine in his assault on the state's fiscal crisis. He is now seen as the state's most interventionist and innovative governor since Mr Pat Brown, Jerry's father, in the early 1960s.

The Wilson formula has been to cut public services and, astonishingly for a Republican

forged in the Reagan era, to increase taxes. Moreover he did so by working with, not against, the Democratic majority in the state assembly. Republican conservatives, like Pat Buchanan, consider him the biggest political apostate in the national party.

He describes his philosophy as "activism in a preventative way." There was, perhaps, no way that he, or Mayor Bradley, could have prevented the spontaneous combustion of Wednesday night in Los Angeles but it is obvious that both are going to be active in seeing that it comes to an end.

What happens after that, however, will be a bigger test of their capabilities. Success or



Pete Wilson, left, and Tom Bradley: both accused of being too cautious



failure may add lustre or tarnish the mayor's last years, but it may also determine

whether the governor makes it to the White House four and a half years from now.



## NEWS: UK

# Watchdog rejects change on council swaps

By Robert Rice,  
Legal Correspondent

THE Audit Commission, the government's public expenditure watchdog, has rejected calls for a change in the powers of councils that would allow them to enter into interest-rate swap contracts.

A Bank of England committee had urged the change in response to widespread concern in the City after the law Lords ruled last year in a case involving Hammersmith and Fulham in London that councils did not have the authority to enter into such transactions. The ruling left 80 banks facing losses totalling £500m on interest-rate swap transactions with 130 councils in England and Wales. The commission says,

in its response to a consultation paper issued by the Bank's legal risk review committee in February, that it would prefer the government to spell out on a case-by-case basis the types of transaction open to councils. The committee under Lord Alexander, chairman of National Westminster Bank, argued that the *ultra vires* doctrine - the rule that transac-

tions outside the capacity of one of the parties involved are void - was unfair and led to uncertainty. The committee argued that poll-tax payers were adequately protected by provisions about authorisation and ostensible authority. Abolishing the doctrine would place those dealing with councils in the same position as those dealing

with limited-liability companies. The commission says, however, that there are important differences between councils and companies, and that poll-tax payers need the protection offered by the doctrine. It says the Alexander committee's proposal would "largely remove the risk from parties dealing with local

authorities and transfer it to local taxpayers who are unable to take any steps to protect themselves from the sort of situation which arose at Hammersmith and Fulham and elsewhere in relation to swaps". Elimination of the *ultra vires* option would put pressure on auditors to use powers of judicial review or to issue a probi-

tion on suspect transactions, the commission adds. The result might be a fresh spate of creative-accounting schemes of doubtful legality and prudence. "Some London councils are still paying a heavy price for having entered into such schemes in the 1980s," it says. The commission proposes clarification of the law where areas of uncertainty arise.

## Mellor to oversee lottery bill

By Raymond Snoddy

MR DAVID Mellor's national heritage department has taken over the main legislative responsibility for the National Lottery Bill. The Home Office is expected to have residual responsibilities under gaming legislation, but Mr Mellor and his department - whose work the lottery is intended to help fund - will steer the bill through the Commons.

Mr Mellor, a former chief secretary to the Treasury, believes that a national lottery could produce as much as £1bn a year to support cultural and sporting life in the UK and improve crumbling and outdated buildings such as sports stadiums.

It was also announced earlier this week that Mr Mellor would take over the government's continuing interest in press standards and regulation. The government is due this summer to review the performance of the Press Complaints Commission, set up after the Calcutt Committee investigation into privacy to replace the Press Council.

The Home Office is expected to retain its responsibility for issues such as data protection. Changes in departmental responsibilities involving the biggest shake-up in Whitehall since 1964 were announced yesterday, writes Ivor Owen.

They give effect to the proposals in the Conservative party's election manifesto, but no date has yet been set for the transfer of responsibility for oversight and regulation of the financial-services sector and investor protection to the Treasury.

The timing of the change will be announced in a transfer of Functions Order which is likely to be debated in the Commons.

Responsibility for company investigations will remain with the Serious Fraud Office and the Department of Trade and Industry.



Marching to different tunes: in step with most of the world, workers in Tokyo (left) and Moscow (right) celebrate their traditional May Day holiday while those in the City (above) endure the rush hour and must wait until Monday for their day off

THE COMPLAINT is no longer heard that the UK has fewer bank holidays than anyone else, although this remains broadly true. The difficulty now is to cope with those we have.

The arcane formula used by the churches to fix the date of Easter has produced a closer bunching of public holidays than usual this spring. Having just returned from the late Easter break, we are about to celebrate May Day, and then the spring bank holiday, previously Whitsun, will loom at the end of the month.

The main culprit is the May Day holiday, which was introduced in 1978 by Mr Michael Foot, then employment secretary, in honour of organised labour and the right to strike. It remains a mystery why so

## Workers of the world disunite over holidays

Richard Evans explains why the standardised Eurobreak is still some time away

symbolic a gesture to proletarian internationalism survived the Thatcher years.

An added confusion over May Day is that while it is celebrated throughout most of continental Europe on May 1, in the UK the holiday is on the first Monday after May 1.

There could now be a revival pressure for a more even distribution of holidays, either with the addition of another bank holiday in the autumn or the transfer of one from the spring. This idea is backed by the tourism and leisure industries as it would extend the holiday

season and encourage people to take an autumn break in Britain. The suggestion of an October bank holiday was put forward last August by a National Economic Development Council committee, but it was received coolly by both the government and the Confederation of British Industry. The Department of Employment said an extra day could damage the country's competitiveness. The CBI said employers favoured the unbroken production run between late August and Christmas.

The government's reluctance to transfer or to add another bank holiday may surprise other European countries, which manage to remain competitive while having more public holidays. The world league table is headed by Egypt with 22 public holidays and Brazil with 19. Even the dedicated workaholics of Hong Kong have 16, followed by Belgium with 13½, Japan, Spain, Portugal and Greece with 13, Luxembourg with 12, Germany, France and Italy with 11, the US and Denmark 10, and Holland and the Irish Republic nine.

The UK has a modest eight, but here again there is confusion, with variations between England and Wales on one hand and Scotland on the other. In England and Wales there are New Year's Day, Good Friday, Easter Monday, May Day, the spring bank holiday, August bank holiday (the last Monday in August), Christmas Day and Boxing Day. The Scots dispense with Boxing Day and Easter Monday but add January 2 to their Hogmanay break, and generally take the August bank holiday on the first Monday of the

month. Some Scottish cities pick differing dates for their spring and August breaks, however, which make them less disruptive nationally. The phenomenon of bank holidays started in order to relieve the tedious grind of desk-bound clerks. There were as many as 40, usually in honour of saints, until 1830, when they were pruned to 18. In 1894 there was a further reduction to four - Good Friday, May 1, November 1 and Christmas Day. The idea of holidays by order was then formalised by Lub-

bock's Act of 1871, which enabled the banks to shut on four days a year without suffering any penalty for not paying bills which fell due on those days.

Different traditions developed across Europe, and harmonisation of public holidays has not been seriously discussed within the European Community.

The problems are apparent. For example, VE Day commemorating the end of the Second World War is a holiday in France, Belgium and the Netherlands, but not in Germany. Similarly, some religious holidays are rated very differently in Roman Catholic and Protestant countries. Whatever else might be standardised, the era of the Euro-holiday is not yet in sight.

## YOU'LL FIND DAILY FT COMMENT ON FAR MORE THAN FINANCE.

Our week begins with a regular Architecture feature and the MONDAY in-depth interview with a leading figure from the business world, politics or the arts. Monday is also Diary Day, so you can look ahead to what the business, parliamentary and financial week has in store.

The first of the FT Law Reports is on TUESDAY together with a feature on Small Business and the daily Management and Technology pages.

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In THURSDAY'S FT we focus on, among other things, Accountancy, Marketing and Advertising.

On FRIDAYS, it's the turn of Industrial and Commercial Property.

As you can see, you'll find far more than you may think in the pink pages. Pick up a copy of Monday's paper and get your FT comment daily.

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## NUM attacks closure of pit in contracting-out dispute

By Juliet Sychrava

BRITISH COAL is to close Markham Main, the South Yorkshire pit troubled by an industrial dispute, the corporation said yesterday. The announcement came after a two-month dispute between British Coal and the National Union of Mineworkers over the future of the pit at Armthorpe near Doncaster, which employs 700 men. Mr Arthur Scargill, union president, called yesterday for a national miners' strike in protest at the planned closure. "I think it's an appalling decision, but not a surprising one," he said on BBC radio. The dispute started in

March, after British Coal announced plans to employ private contractors at the mine. Miners at the pit resisted the move and last month won backing from the Yorkshire area of the NUM, which voted by a narrow majority to stage selective strikes in protest at the introduction of contractors. Using contractors was part of a plan to improve profitability at Markham Main, which has lost £30m over the past five years. British Coal said the pit had lost a further £1.8m since the dispute began. British Coal argued that only specialised contractors could do the tunnelling work required to switch from the traditional mining methods to

a more advanced system. The Yorkshire area of the NUM condemned the decision, and was angered by the fact that the corporation's representatives walked out of a meeting with unions immediately after announcing the closure. "The entire meeting, with all its grave consequences for the workforce at Armthorpe, lasted no more than four minutes," said Ken Homer, general secretary of the Yorkshire area. The closure will leave the Yorkshire area with just 21 pits compared with the 50 it originally once had. Markham Main will be the first pit to close this financial year, while 15 closed in 1991-92.

## Coal sell-off 'may hurt BR freight'

By David Green

PRIVATISING British Coal could damage prospects for selling British Rail's bulk freight operation, according to Coal UK, a Financial Times newsletter. John Willman writes. The Queen's Speech next week is expected to include legislation on privatising British coal and BR. BR privatisation will be achieved in stages, with profitable divisions such as Railfreight and Trainload Freight sold first.

But Coal UK warns that the marketability of Trainload Freight could be threatened if further pits were closed to make British Coal attractive enough for privatisation. Almost two thirds of Trainload Freight income comes from moving coal to power stations and other user plants. Coal UK predicts that movements could fall by more than half to 35m tonnes by 1996 and a further 10m to 20m tonnes by the end of the decade.

The tonnage shipped by Trainload Freight has already fallen by 20 per cent over the last 10 years as a result of pit closures. Further closures of around half the remaining pits - just under 50 in number - are likely by the end of the decade if British Coal is to be profitable.

## Nuclear Electric to shed 800 more jobs

By David Green

NUCLEAR Electric, the state-owned generator for England and Wales, is to shed a further 800 jobs this year, Mr John Collier, its chairman, said yesterday. The company now employs 12,600 people after shedding 1,600 jobs in the past two years. Nuclear Electric plans a programme of cost savings by 1996, when it will cease to receive the nuclear levy - a £1bn charge on electricity consumers to compensate for the higher cost of generating power from non-fossil fuels. The EC has ordered the end of the levy on the grounds that it is an unfair subsidy in a free market.

Mr Collier said the number of power stations operated by Nuclear Electric was likely to fall from 12 to between six and eight - all pressurised water

reactors - by 2015 or 2020. Sizewell B in Suffolk, Britain's first pressurised water reactor station, is due to be commissioned in 1994. From the mid 1990s Nuclear Electric will begin closing its ageing Magnox reactors. Mr Collier said he hoped after the government review of nuclear economics in 1994 to be given the go-ahead to build two further stations using the Sizewell B design. He is to meet Mr Tim Eggar, energy minister, next week. One of the stations would be Sizewell C and the other Hinkley Point C in Somerset. Planning permission has already been obtained for Hinkley pending the outcome of the government review.

Mr Collier expected an agreement by the year 2000 between the UK, France and Germany on the design of an advanced pressurised water reactor.

## Terms of gas auction criticised

By Deborah Hargreaves

BRITISH GAS yesterday released details of the gas it will sell to competitors as part of its agreement with the Office of Fair Trading to halve its share of the industrial gas market by 1995.

But rival suppliers expressed their dissatisfaction over the handling of the proposed gas auction and said it could put the creation of a long-term competitive market for gas at risk.

"It will interfere in the market and attract lots of short-term players which could let down their customers once they run out of gas," said Mr Norman Ellis, managing director of Kinetics, an independent gas supplier. British Gas said it would sell 500m therms of gas in October and was inviting rivals to bid for the quantity of gas they required.

The sale price will be based on the average cost of gas to British Gas as well as a wholesale margin of 0.25p a therm and an allowance for costs. Critics of the deal say British Gas should not be allowed to make money from its undertaking to reduce its market share.

Mr Ellis said the gas should be offered to existing participants in the market to help them through an immediate gas shortage in the next couple of years.

The problem for competitors to British Gas is that there is not much gas available in the market until 1995. Most rivals have signed contracts for delivery of gas after that.

British Gas said it would release 400m therms for the year 1993-94, 300m therms the following year, and 200m therms in 1995-96. Each applicant for gas will receive a minimum of 10m therms.

## Appointments Advertising

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# Underwriters oppose Lloyd's arbitration plan

By Richard Lapper

A PROPOSAL by Lloyd's of London to resolve future disputes between agencies and Names - the individuals whose assets back underwriting at the insurance market - outside the courts is meeting opposition from within the market.

The Lloyd's council - the market's governing body - passed an enabling by-law earlier this week paving the way for the introduction of a mandatory arbitration process.

Lloyd's agreed last year to establish an arbitration scheme for big disputes. But urgency was given to the proposals, which could form part of a scheme to help the market's worst-hit Names, when Mr Alan Lord, chief executive, confirmed on Thursday that the council is investigating a possible plan which would help Names who suffered most from losses in 1989 and 1990.

Mr David Coleridge, the chairman of Lloyd's, has said that moves to help the market's "walking wounded" would need to be accompanied by measures to stem litigation between Names and their agents. More than 2,000 of the market's 22,400 Names are involved in legal actions.

However, a number of leading underwriters - who insure businesses against legal awards for negligence - are opposed to the plan.

Mr Alec Sharp, a leading errors-and-omissions underwriter with syndicate 839, managed by Castle Underwriting, says that if the scheme goes ahead agents would be unable to obtain errors-and-omissions insurance and could be exposed to financial problems.

Lloyd's was "isolating managing agents from the normal insurance protections available to financial institutions. If you have a syndicate that makes a mess of something the entire agency is going to be on the line," said Mr Sharp. "The costs of arbitration had in the past exceeded those spent in the courts." Lloyd's was responding to problems too late, he added. "It is shutting the stable door after the horse has bolted."

Mr Sharp also ruled out any possibility of errors-and-omissions underwriters contributing to a fund which would compensate those Names who forgo their right to seek compensation through the law.

"For anybody to get think that E&O underwriters will get their chequebook out for the benefit of the market is very very naive," Mr Sharp added. "Our reinsurers would not pay up and our Names would sue. It's a vicious circle."

Underwriters and agents are also unhappy about other elements of the efforts to help Names. Some members' agents believe that most Names will refuse to agree to pay an extra levy to finance the losses of other Names. Other agents believe that the council should be doing more to alleviate cashflow problems.

"Lloyd's is burying its head in the sand. We need some mechanism to put up working capital," said the chief executive of one agency, who believes liquidity problems will be aggravated when the scale of 1989 losses - currently estimated at £13.5bn - are revealed.

Fusilier Andrew Grundy, 22, serving with the second battalion, Royal Regiment of Fusiliers, was the third person killed in a bomb attack on a security checkpoint near the border of the Irish Republic yesterday.

The IRA admitted responsibility.

Yesterday's explosion came only hours before the funeral of Philomena Hanna, 26, a Roman Catholic shot dead on Tuesday by loyalist gunmen at a Belfast chemist's shop.

Barclays raises business charges

BARCLAYS BANK is to increase its charges to small and medium-sized businesses by between 6 per cent and 8 per cent from June 1.

Barclays is the fourth main UK bank to raise its tariffs this year, but the first since the announcement of rival takeover bids for Midland Bank. The rises come when small businesses are already concerned that a banking merger will reduce competition.

Small businesses with turnover of less than £100,000 face increases of 6 per cent charges, while companies with sales of more than £100,000 will see charges rise by 7 per cent to 8 per cent.

Watchdog fines broker £45,000

SUCDEN UK, the futures broker, has been fined £45,000 by the Securities and Futures Association, its regulator, for breaching rules on the handling of clients' funds.

However, the SFA accepted that the breaches were unintentional and had not caused any losses. Sucden, part of a large French commodities group, was one of five firms fined last year for rigging the property futures market on the London Futures and Options Exchange (Foe).

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## FINANCIAL TIMES

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Saturday May 2 1992

## Blood, sweat and Euro-tears

A FLICKER of a smirk may well have passed across the face of even the most ardent Germanophile and committed European during the past week. Seeing the political establishment of much admired and increasingly imitated Germany face large-scale public sector strikes reminds one of Britain in the 1970s or France in the late 1960s. But any morbid satisfaction at this apparent humbling of an economic giant is misplaced. A weakened and strife-ridden Germany spells danger for the stability and prosperity of the entire continent.

It would be hard to imagine a more difficult and risky time for the European Community to integrate the entire European continent. But that is what it is attempting to do, by widening the scope of its activities and possibly membership to include eastern Europe and the rest of western Europe and simultaneously by strengthening ties between its current members.

Western Europe could not, of course, choose the timing of the disintegration of the communist bloc. To complain about it, or simply to have ignored it, would have been both childish and foolhardy. The opportunity to tie eastern Europe into the west had to be taken when it arose, a fact that Germany was quick to grasp. The failure of the German political elite was not to move too fast to reunify Germany, but to conceal from the west German public the scale of the necessary sacrifices. When speeches stressing blood, sweat and tears were needed, Mr Helmut Kohl offered only blithe optimism. The subsequent east German economic collapse has been cushioned by massive west German transfers financed by higher taxes and downward pressure on real wages in the west: hence the strikes.

## Harsh apprenticeship

Ironically, it is precisely when the weaknesses of Germany's inflexible system are being exposed that the rest of Europe has decided to embrace certain aspects of it on a pan-European scale. The momentum behind transforming a quasi-Germanic monetary system, the European exchange rate mechanism, into Germany's writ large, European monetary union, remains too strong to resist. But no one, certainly neither France nor Italy, could have appreciated at the outset quite how harsh their apprenticeship would turn out to be, largely because a period of tight German monetary policy has exported slow growth and high unemployment across Europe.

Yet having come this far, Europe has little option but to persevere. Accelerating the move to monetary union is politically

impossible, however much France would like to get its hands on the monetary levers. Germany in its current state is not going to cede control over the D-Mark. The lurking suspicion that Germany will never be happy to do so, whether or not it ratifies the Maastricht treaty, must haunt the dreams of French finance ministers, past and present.

Nor is any government able to advocate a retreat from the Maastricht timetable, and an ERM readjustment, however desirable two years ago, would not deliver lower European interest rates. The more likely route to lower rates would be for the ERM to crumble following further rises in German interest rates.

## Gritted teeth

More likely, Europe will grit its teeth and bear the pain. Germany will suffer angry complaints from its partners until it puts its fiscal house in order. But the prospect for sharply lower German interest rates this year or even next is still poor.

The "blood, sweat and tears" option is not without grave risks. Slow growth and rising unemployment are nurturing far right parties in both France and Germany; and Italy looks more precariously placed than at any time in its recent history. The task it faces in bringing its fiscal deficit under control to meet the ERM convergence criteria would be daunting enough for the most stable of governments. But with no president, no government and no growth, Italy could be heading for a financial disaster.

The UK appears to offer an oasis of political stability; and, unlike France, it has room for a modest interest rate cut. But the recovery has yet to materialise, and the combination of high real interest rates and heavy household debts means it may well be sluggish when it does.

Sadly, an economically depressed and strife-torn Europe is unlikely to be able to rise to the political challenges it faces in the east. The misery and protectionist association agreements with Hungary, Poland and Czechoslovakia do not bode well for eastern Europe's future.

The EC, instead, risks retreating further from the liberal and progressive goals it claims to hold dear. The result of last week's machinations over support for Europe's troubled car industry suggests that the EC may be shuffling towards an "industrial policy" of shoring up lame ducks. Continued slow growth will mean a plethora of limping candidates. Many political obituaries of Mrs Edith Cresson labelled her a product of a past age. Keeping her ghost in check may yet turn out to be a substantial task.

This week, Lloyds Bank, in publishing its terms for the acquisition of Midland Bank, proposed to disturb the structure of the high street banking industry after almost a quarter of a century of stability.

Time has brought about a curious reversal of the roles. In January 1988 it was the then chairman of Midland, Sir Archibald Forbes, who called around at Lloyds to propose a closer association. He was frostily received. Instead, Lloyds made a bid for Martins Bank, which failed. Midland may now draw some comfort from Lloyds' historical lack of success as a predator: in 1986 its offer for Standard Chartered was also abortive.

The turmoil of 1988 created the industry's present shape. Westminster merged with National Provincial to create NatWest, and Barclays absorbed the then number six bank, Martins, after a grand scheme to wrap Barclays, Lloyds and Martins together fell foul of a Monopolies Commission investigation. Midland, then number two, was the wallflower in all this.

The decline of Midland over many years to its current position as struggling number four is only one of the factors which is triggering the latest shake-up. With profitability under severe pressure from external competition and the wave of bad debts, all the Big Four are cutting staff and rationalising their branch networks. Lloyds is by far the strongest financially, and sees an opportunity to reduce capacity more efficiently by taking over Midland. At the same time, this would block the attempt by an overseas bank, Hongkong and Shanghai Banking Corporation, to buy its way into the inner circle of English clearing banking.

Headlong expansion during the 1980s, when bank deposits and lending soared and the staff numbers

## Top clearing bankers have been plunged into a world for which branch banking left them unprepared

employed by the Big Four climbed from 239,000 in 1980 to a peak of 282,000 in 1988, obscured crucial questions about how the introverted management culture of the clearing banks could cope with deregulation. An industry familiar with cartels and official controls was faced with vastly greater competition and risks. In the past two years, as profits have crashed, its leaders have begun to face the consequences.

Lloyds has been the sharpest in its response, focusing on its return on capital, and cutting its staff numbers by 8,500 in 1991 alone. It claims that the 20,000 jobs threatened by the Lloyds-Midland merger would only represent the inevitable continuation of this trend. All the banks are now planning to shed many thousands of jobs and hundreds of branches.

Until the 1980s, the banks had been accustomed to operating in a highly restricted environment. Before the Conservatives arrived in 1979, for instance, bank balance sheets were constrained by the so-called "corset" on deposits. Bank profits margins were fettered by the so-called "endowment effect" of high interest rates related to the double-digit level of inflation.

With deregulation, however, tough competitors appeared and feasted eagerly on the soft underbelly of clearing bank business. The

## Upheaval on the high street

The contest over Midland is just one element of the sweeping changes taking place in British banking, says Barry Riley

building societies creamed off savings accounts by offering competitive rates, while in corporate banking American and Japanese banks were ready to offer money at very fine rates.

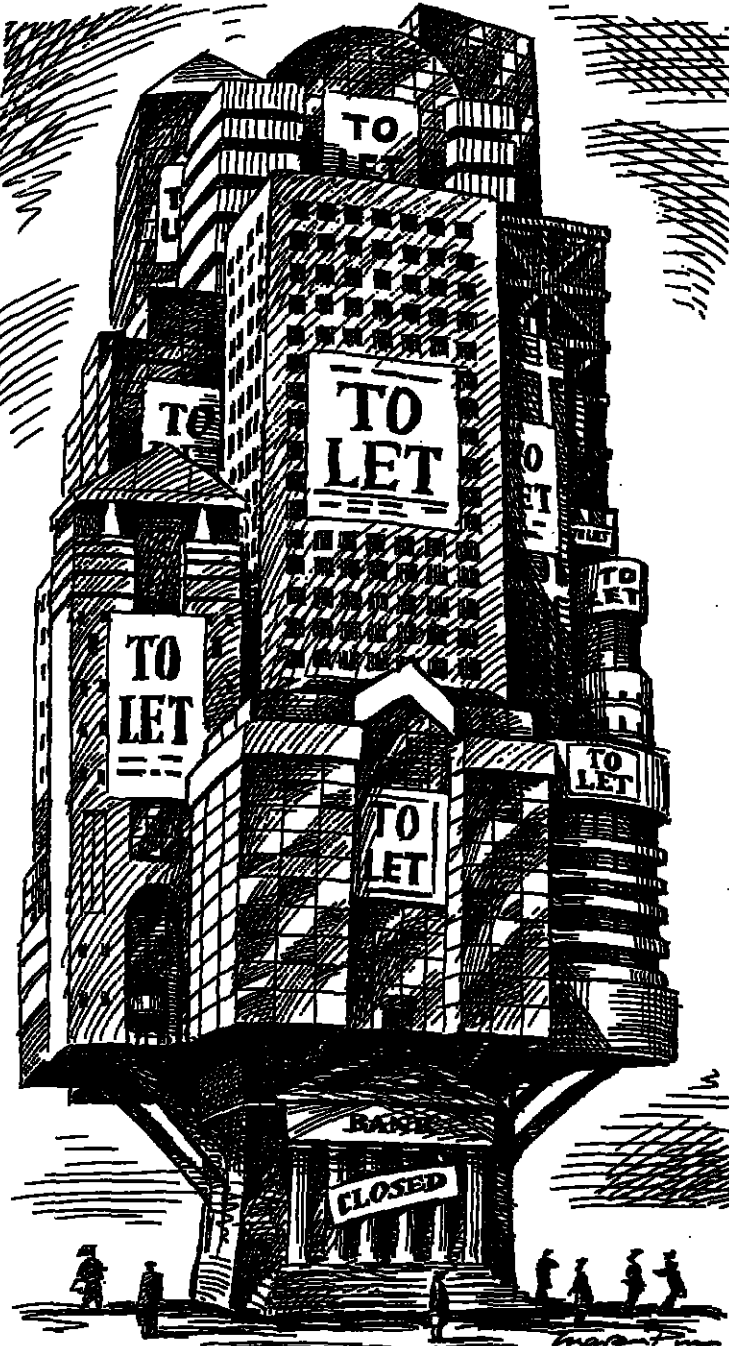
New technology has threatened to change the nature of banking. A proliferation of magnetic cards, hole-in-the-wall machines and telephone banking services has opened new opportunities but has also destroyed tried and tested banking conventions. This process will continue at an accelerating rate and is another reason for the rapid run-down of the branch networks which were once seen as fundamental to the success of retail banks.

The management challenges have been immense. There has been a severe test for the classic clearing banker, who will have joined straight from school at 18, done his banking exams, and progressed up the ladder through the branches. Once, the best of the bunch would have emerged in their fifties into a secure, hierarchical world at head office for a comfortable few years at the top. Instead, in recent years top clearing bankers have been plunged into a world for which they were unprepared by their experience in branch banking - a world of aggressive marketing, leading-edge technology and global acquisitions. In choosing a new chief executive a few weeks ago, NatWest missed a few weeks of more traditional contenders for the succession and opted instead for a 44-year-old Cambridge graduate.

Perhaps the biggest single problem for bankers is assessing lending risk in a competitive market place. Bad debts have been climbing for years, and in 1991 the Big Four wrote off an amazing 55.6m. Banks responded to the new freedoms of the 1980s by scrambling competitively for market share without recognising that the game had changed. They need to develop some new prudential rules.

If the Big Four shrink to the Big Three, does it matter to the public? In most respects not at all, although there may be some minor inconvenience if your favourite local branch puts the shutters up. Retail banking is already highly competitive and most people these days can get all the banking services they need from a building society as well as a bank.

There is one highly sensitive area, however. Small businesses rely on local bank branches and have nowhere else to go. This is the one sector of the market where "relationship banking" is still important. The small businessman needs to build up the confidence of his local bank manager and it is difficult for him to shop around. It is also difficult for new banks to break into the market - as TSB, for instance, would like to do -



because they would tend to pick up the most untired, dissatisfied or troublesome customers.

The disappearance of Midland would reduce choice. The risks are probably not serious, but small businessmen are vociferous in protest. The small business lobby is particularly angry at Lloyds, which is seen as having been especially insensitive to push up charges and lending margins last year in the middle of the recession. These business customers argue that they are being made to pay for the mistakes made by the banks elsewhere, especially in their big corporate bad debts. The bankers say, however,

that charges have had to go up to make this area of their activity profitable. No doubt the Monopolies Commission, if it is called in, will probe some of these claims. But the row forms part of a general problem in that the clearing banks are being forced to raise and rebalance their charges in order to adjust to competitive pressures and restore profitability. For instance, some banks are now charging £2 to cash cheques for non-customers. The public, which has often had an unrealistic idea of what it should pay for banking services, is offended.

In the past, it was easy for clear-

ing banks to pocket most of their income in the form of largely hidden spreads between lending and borrowing rates. Cross-subsidy then became the name of the game, vice ranging from cheque cashing to visits to the bank manager thrown in for nothing. Competition with non-banks and foreign banks has upset this cosy arrangement, however. Squeezed on their lending margins, clearing banks have been forced to examine costs in detail.

This explains the frequent claim by bankers that Britain is "over-banked", although branch networks were shrinking even during the buoyant 1980s; accountants now study each branch's costs whereas in the past the bankers only really looked at the volume of business which it would generate. Small business accounts are victims of this process. On the other hand, customers with savings accounts are getting a much better deal from the clearing banks than they used to.

Big specialist competitors like Abbey National (now rivaling Lloyds for the title of Britain's most profitable bank) and Halifax Building Society cover the country with only a quarter of the number of branches of the big clearing.

At least competition for corporate business has eased somewhat, now that the Japanese banks have adopted a much lower profile. Corporate lending margins have widened significantly. But the ability of the clearing banks to service the top end of the corporate market has been permanently damaged by the impact of deregulation on the risk profile of the big banks. They have all lost the AAA credit rating they once enjoyed - Barclays was downgraded only last week - and it is now cheaper for top-risk companies to borrow direct from the money markets.

What is banking, anyway? It is a collection of businesses that have been bundled together in the past but today, in different circumstances, are often being profitably segmented. Why should retail banks expect to serve business customers out of the same premises, for instance? And what have the processing skills needed to handle millions of bits of paper got to do with the ability to sell investment plans? Often the gus holding all this together has been the branch network, but the economics of it are now being rethought.

In their drive to cut costs, the clearing banks are looking at radical measures, albeit short of full mergers. For instance, whether they should pool their cheque-clearing facilities.

In a way, it is surprising that the era of the Big Four has survived for as long as 24 years - and if the Hongkong Bank has its way, may last for a while longer still. After all, there is today no equivalent of the Treasury Minute of 1990 which halted the wave of banking mergers up to that point. The Monopolies Commission was far from unanimous in coming down against the Barclays-Lloyds-Martins levitation in 1988. The Bank of England is officially neutral on mergers, but as the banking industry's statutory regulator it can be expected to be in favour of changes which strengthen banking profitability and remove weak links.

There is much more competition in banking today than there was in 1968. But the clearing banks have too high a profile and have made too many public relations blunders for Lloyds to have an easy ride.

## MAN IN THE NEWS: Jürgen Möllemann

## Hand that rocked the coalition

The banner headline in Bild Zeitung said it all. "You scheming swine!" it screamed on Thursday morning.

The words were supposed to have been those of Mrs Irmgard Schwatzer, the luckless woman who for one brief day was set to become Germany's foreign minister, before her nomination was overturned in a palace coup inside her own Free Democratic Party (FDP). The target of her purported rage was Mr Jürgen Möllemann, her close colleague as economics minister, her rival as future leader of the party, and the man she considered most to have betrayed her.

Mrs Schwatzer has since insisted that she never used the words but few in Bonn would be surprised that she may have been sorely tempted. In this political hot-house, where conspiracy theories abound, many believe that the hand of an arch-conspirator like Mr Möllemann was behind the apparent chaos which overtook Germany's ruling coalition during the past week. The other "old fox" who few believe was blameless was Mr Hans-Dietrich Genscher himself, the man who started the whole crisis by announcing his sudden resignation as foreign minister on Monday.

Most members of the government and the ruling establishment have done badly from the confusion. Chancellor Helmut Kohl is seen again as a weak leader, unable to impose his will on unstable coalition partners; Mr Otto Lambdort, leader of the FDP, is under pressure to resign for failing to control his party; Mr Theo Waigel, the finance minister and leader of the Christian Social Union, the third partner in the coalition, was simply irrelevant

to the whole affair, stuck in Washington at the International Monetary Fund.

Mr Möllemann, however, has come out of it with the extra title of vice-chancellor, and nicely placed, it would appear, to take over the party leadership from Mr Lambdort whenever he goes. His only serious rival will be Mr Klaus Kinkel, the new foreign minister.

It was typical of Mr Möllemann that his latest political initiative, a new move for drastic budget cuts to curb the swelling public sector deficit, should have leaked out at precisely the same moment. In it he hinted strongly at the weak leadership of the chancellor, implied that Mr Waigel had got his figures wrong, and moved swiftly himself to occupy the moral high ground, calling not least for cuts in (western) social spending.

Mr Möllemann is a strange mixture: a notorious self-publicist, dapper and glib, who models himself on Mr Genscher, his mentor, and yet has failed to achieve the same popularity. When he was appointed economics minister in January, 1981, the business sector audibly groaned. Since then he has demonstrated a knack for choosing the right issues, showing no fear of confrontation with his colleagues, and thus remaining well in front of the political game.

He is still not taken entirely seriously in the Bonn establishment as a copycat-bottomed politician, and yet he has risen remarkably through the ranks. Aged 47 (born two months after the end of the war), he trained as a teacher, served his call-up as a parachutist (a bit of machismo repeated in every curriculum vitae), and swiftly became a member of the Bundestag in 1972



at the age of 27. It was 1982 before he was brought into government by Mr Genscher, as his deputy at the Foreign Office. In 1987 he got his own Ministry, Culture and Science, and in 1991 - against the opposition, not least of Mr Lambdort - seized the Economics Ministry, the FDP's second most important portfolio.

In the short time he has been there, he has succeeded in revitalising a moribund department, grabbing the headlines, and forcing its views on the rest of the government. His civil servants, who regarded his arrival with trepidation, now credit him with a landable capacity to read his briefs, master the issues, and, if he must, exploit them for personal publicity.

Thus he plunged in first with Aufschwung Ost - Upswing East - the DM12bn (4bn) programme to pump desperately needed extra cash into east Germany. Then he turned round and demanded drastic budget cuts in the west - DM10bn off gov-

ernment subsidies or he would resign - to keep the budget deficit under control.

He has also long been the most outspoken member of the government in insisting that a stern line must be held against excessive wage awards - a "four before the comma", or less than 5 per cent, was his slogan long before Mr Kohl and the rest took it up.

Yet the FR is often more impressive than the outcome. The DM10bn in subsidy cuts was watered down drastically in the German Bundestag, and Mr Möllemann never resigned. A much vaunted breakthrough on the Galt negotiations when he thought he had turned round the German cabinet, and outmanoeuvred the agriculture minister, Mr Ignaz Kiechle, to throw all German support behind a deal in the Galt negotiations - has failed to push Mr Kohl far enough to deliver a deal.

He is still not that popular with the business community. "He is too much of a schoolmaster," according to one Bonn-based lobbyist. "He is too theoretical and inflexible." Thus he is seen as responsible for Germany's draconian export controls, including the proposal for customs officers to tap telephones, outraging businessmen and libertarians.

He is a risk-taker to the end. The question is whether this week he achieved his breakthrough to the big time, or whether he overstepped himself. Mrs Schwatzer was bitter because he urged her to go for the Genscher job, and leave the way open for his claim to the party leadership. Yet when the party revolted, he switched sides, and voted for Mr Kinkel.

It is Mr Kinkel who may yet prove his undoing. For the new foreign minister is tough and practical, and his job will give him lots of publicity. He does not feel bound to abstain from the contest for party leadership next year, as Mrs Schwatzer did. So Mr Möllemann may yet be pipped at the post. It would not be for want of trying.

Quentin Peel

## Chinese opt for economic reform in victory for Deng

By Yvonne Preston in Beijing

CHINA'S Communist party has 'test' successfully reform in a victory for Deng. Deng scores economic reform coup. action against student strikers, the 'top' reported the police that the 'masses' are not.

FINANCIAL TIMES - 13th MARCH 1992

For more information, read the Financial Times' survey on CHINA on 3rd June 1992.

To obtain a copy of the editorial synopsis and advertising rates, contact Peter Highland on London (071) 873 3276.

FT SURVEYS



Michael Prowse explains why America's racial tensions are at snapping point

## Wounds run deep

I recently visited Monticello, Thomas Jefferson's Charlottesville, Virginia, home. The graceful white columns and fine views over rolling countryside and seems the perfect shrine for a statesman steeped in the liberal values of the 18th century Enlightenment.

Reading the glossy brochure for visitors, however, I came across the curious word "dependencies". Every plantation, it said, needed "dependencies" to provide the many services required for the operation of the house and farm. The word, of course, is a euphemism for slaves: even today Americans recoil from the thought that Jefferson, the man who declared all men equal, lived in such glorious style only because he owned scores of slaves.

The US has come a long way since Jefferson's day. But the hypocrisy of America's founding fathers has many echoes in modern society. The nation's laws proclaim the equality of the races, but every economic and social indicator points to continuing inequality. For America's black community, the acquittal by an all-white jury of the white policeman in the Rodney King trial is just the latest proof that the "system" is rigged. Nobody believes that a jury would have reached the same verdict had Mr King been white.

In trying to understand continuing racial tension, it is crucial to recall that serious attempts to address black grievances are extremely recent. The Civil War of 1861-65 ended official slavery, but blacks remained effectively subjugated in the south for another century. It is astonishing to think that as recently as the early 1960s, during the presidency of John F Kennedy, blacks in the south faced South African-style apartheid.

Many of the parents of the Los Angeles rioters will vividly remember the days when southern blacks were prevented from voting, obliged to eat at segregated lunch counters and forced to sit at the back of buses. In parts of the US, therefore, this is the first generation of blacks to enjoy the basic civil rights long taken for granted elsewhere in the civilised world.

Blacks have made economic and social progress since riots shook US cities in the late 1960s. The most encouraging sign is the emergence of a black middle class. The War on Poverty launched by President Lyndon Johnson helped enormously — not because Great Society social programmes on their own might be manageable. But dependency about the condition of black America reflects a growing awareness that blacks form the core of nearly every social problem.

Take the issue of family breakdown. Some 56 per cent of black families are headed by single women, three times the rate for whites. The figures on crime are no less gloomy. Blacks account for 45 per cent of the total prison population — four times the ratio suggested by their relative share of the population. They account for 48 per cent of arrests for rape, 55 per cent of solved murders and 69 per cent of reported robberies. More young blacks are in jail or on parole or probation than in college.

These crime figures perhaps help explain why the white suburban jury in the Rodney King case decided that any level of violence by the police is justified. Middle class whites long ago fled the cities for the suburbs. But occasional concern for personal security continues to rule the lives of many affluent whites, who appear oblivious to the fact that the bulk of crime is black on black. The perplexing problem is how to move forward. In a recent Washington Post poll, 65 per cent of blacks and 79 per cent of whites rejected the view that discrimination against blacks was no longer a problem. Liberals respond by demanding that greater efforts be made to "atone" for the original sin of slavery. The main problem now is blacks' own lack of faith in themselves. They must thus accept more personal responsibility for their own advancement and stop relying on collective action by pressure groups.

There is some truth in his message, harsh though it will sound to most ears. One of the striking findings of sociologists is that most blacks do not believe the "American dream" applies to them. In schools black children who study hard are jeered at by their peers for "acting white". Perversely, it seems that you can prove yourself in many poor black neighbourhoods only by failing.

In the meantime, the public sector could be far less passive. It would make sense to pursue policies that favour not a particular race but compensation for big and growing differences in income and wealth. The most effective policy for influencing life chances is education. In a nation that purports to provide equal educational opportunities for all, it is indefensible that the funding of schools should be so heavily dependent on the wealth of particular neighbourhoods.

Violence in response to what appears a travesty of justice cannot be justified. But the fires in Los Angeles must be seen, at least in part, as a reproach to mainstream America. President George Bush talks of a kinder, gentler America, but the truth is that the nation has yet to heal wounds that date from the earliest days of the republic.

The relative success of a minority of blacks masks daunting problems for the majority

This is still nearly three times the white poverty rate.

Economic deprivation on its own might be manageable. But dependency about the condition of black America reflects a growing awareness that blacks form the core of nearly every social problem.

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In the meantime, the public sector could be far less passive. It would make sense to pursue policies that favour not a particular race but compensation for big and growing differences in income and wealth. The most effective policy for influencing life chances is education. In a nation that purports to provide equal educational opportunities for all, it is indefensible that the funding of schools should be so heavily dependent on the wealth of particular neighbourhoods.

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Bloody protest: police detain a man in Atlanta

by world standards that there is plenty of room even for macho fund managers to move back a bit. The more threatening survivor is the belief that however bad things may look in Germany, the Bundesbank will get it right in the long run; while however good they look in Britain, the government of the day will mess it up. (It sometimes looks as if those who operate British monetary policy share this pessimistic creed.) As long as this view lingers, it will be impossible for British short rates to fall below German rates without undermining the pound; and since Germany's problems look real and formidable, this is sad news for the depressed UK economy.

The Bank of England now seems at least willing to test the market for ever-narrower sterling-D-Mark interest differentials. But the professional view in the money markets is that it will still take months, and possibly years, for foreign holders to accept the idea that if they want to hold a sound, stable currency like sterling rather than the risk-prone mark, they must be ready to lose some income.

There are two obstinate survivors of the recent conventional wisdom which prevent a full return to that of thirty years ago. The first, which could limit the rise in gilts, is the belief that real men don't buy bonds. They may rise, certainly; but anything which is good for bonds is so good for equities that gilts are for milkshakes. However, British institutional weightings in fixed interest securities are so low

## Gilts stage a glittering performance

Anthony Harris on why UK government securities have returned to favour with investors

The issue of a further 21bn of gilt edged tap stocks yesterday, only a few trading hours after a successful auction of £24bn of 25-year stocks, completes a spectacular fortnight in this often unexciting market.

Less than three weeks ago commentators were moaning that Britain's economic policy might be hampered by the need to raise funds for the next year. But in the weeks since the April 9 funding job is a quarter done, 20 year yields have fallen by nearly a full point and the Bank of England has become confident enough to hint last night that short-term rates could fall, too.

The immediate cause of this surge is obvious: dealers were not expecting an outright Conservative election victory, and the whole market is celebrating. But there is much more to it than that.

Though it is the equity market which has reached new peaks, while gilts have merely returned to a strong trend which was momentarily shaken by election panic, it is the fixed interest market which

has attracted the big net flows of new investment funds. Any analyst who has been at a time when government borrowing was seen as slipping out of control would have been told to take a holiday. The international flight into sterling since the election also stands traditional wisdom on its head, and these are only partly responses to the election result.

Foreign bond investors had run down their sterling holdings to historically low levels ahead of polling day, which largely explains the strength of the benchmark ten-year bond — this is the maturity which foreign funds prefer. City traders report stronger overseas buying than they can ever remember, and from all quarters, with especially strong Japanese and German demand. This does not explain, though, why British institutions

snapped up the new £24bn 25-year stock, too long-dated for conventional tastes, thus demonstrating a commitment which shows long-term confidence in bonds.

There are two principal and seemingly durable changes in market psychology at work. Foreign ratings of Britain in the international stability league have risen not by a step but by a floor or two. This is partly because Mr Major's standing has risen abroad as well as at home, but he should not let this undermine his usual modesty. It is much more a measure of deepening political and economic worry in all the other major markets: mainly political in France and the US, both political and economic in Germany, and both, in Japan (and Italy).

At the same time, fashion has been changing among British fund managers, reflected in the steady

fall in ten-year yields which set in long before the elections here, or the troubles abroad.

The view that bonds are attractive

because inflation is largely conquered, but that strong recovery is still some way off, has become known as the Norwich

Union view. It is still controversial, and vocally opposed by some equity houses; but more and more funds are beginning to restore some of the gilt weighting they used to carry before the inflationary disasters of the 1970s. Some institutions have bought gilts rather as half-believers go to church. They do not believe the full Norwich gospel but they feel it is as well to take out some insurance. And remember the running yield.

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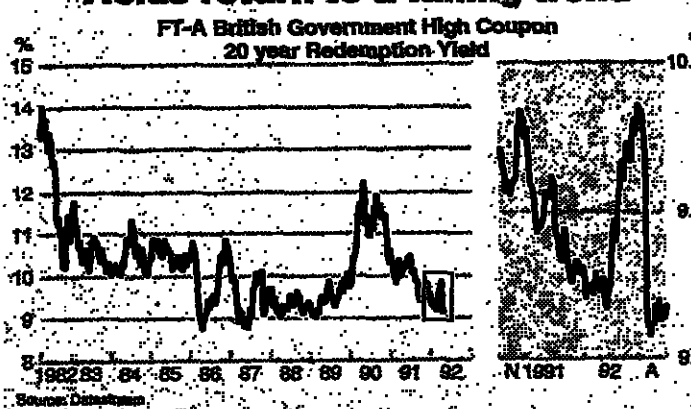
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### Yields return to a falling trend



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## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

### The harder facts of life in Germany

From Ms Alison Bailey.

Sir, A 20 per cent increase in the price of an ice cream cone is bad enough (Observer, April 27). But even worse are the average 10 per cent increases on everyday items such as bread, newspapers and magazines, fruit (up to 100 per cent dearer this year) plus ever-increasing rents, charges for water and refuse collection, etc, etc.

These are the facts of life in Germany which are leading to increased "militancy" among ordinary workers. There have been several demands for a "zero round" — ie no wage increases — this year. But most people already suffered a "zero round" last year: the so-called "solidarity surcharge" of 7.5 per cent of normal income tax deductions (as if it was voluntary!) meant that many people had no net wage increase last year.

People here are angry. The Bonn government lied when it said reunification would not result in higher taxes, and admitted the real huge additional financial burden only after the federal elections were over. Meanwhile, it is insisting on going ahead with insane projects such as the Jaeger 90 fighter aircraft; the political parties are "helping themselves" to enormous sums from public funds; there have been various attempts to increase politicians' pension rights to astronomical levels; German industry is making huge profits, but failing to invest in the

### Two Tory beats at the heart of Europe

From Mr Anthony Kinch.

Sir, Your headline read "PM rejects European super state" (April 29).

Doesn't any one think it in the least odd that while Mr Major, the prime minister, and Mr Douglas Hurd, the foreign secretary, continue to reject a United States of Europe in the federal mould, Tory members of the European parliament are, apparently, individually joining the Christian Democrats, the European peoples party?

The objects of this people's party (EPP) include pursuing

eastern states; and the ordinary people are being accused of greed and asked to pay for the messiest inflation rate in the world? Tell it to your Tante.

Alison Bailey, Lange Reihe 47, D-2000 Hamburg 1, Germany

### Promoting women

From T Cordrey.

Sir, It is encouraging to read about British industry's moves to promote women in the workforce ("An opportunity not to be missed", April 27). But I wonder how much of this is but.

Unfortunately, Opportunity 2000 gives huge companies, with well-oiled public relations machinery, the chance to

"the process of federal unification and integration in Europe and... the realisation of United States of Europe".

Odder still that the EPP expects them to stand as Christian Democrats at the next European elections in 1994.

The EPP claims to be "The Heart of Europe". That is where Mr Major says he wants to be. Coincidence? Or is the Tory party about to change its name? Anthony Kinch, 36 Greenways, Beckenham, Kent BR3 3NG

churn out positive statements. But while talk of company reviews, "examinations of policy" and "increased awareness" may sound impressive, is anything really being done?

Obviously some companies are taking the issue seriously — but others are not and have a very arrogant attitude to promoting women. I feel this was demonstrated by your quote from BT which, pointing to a cultural change within the company, said its female staff "are slowly stopping behaving like surrogate men".

I suggest this reveals the true BT. It is dismissing women who have already struggled on BT's promotion ladder, and is blaming women's lack of success on their attitudes rather than those within the BT hierarchy. T Cordrey, Dalberg Road, London SW2

### Not aiming to beat the index

From Mr Colin Day.

Sir, You carried a small news story, "Investment performance" (April 29) which regurgitated performance details from institutional managers gathered by Equity International.

It should come as no surprise to a newspaper of your standing that institutional managers did not out-perform the FT Actuaries All Share Index last year. The principal reason for this was that we were not investing to beat that index.

Pension funds are correctly and wisely broadly diversified with investment in many parts of the world.

Over the long term, this is expected to reduce risk and enhance performance. We do not put all our eggs in one basket and I am most surprised that you then expect us to beat that basket.

Colin Day, Henderson Pension Fund Management, 3 Pinbury Avenue, London EC2M 2PA

### Revealing the Globe

From Mr Sam Wanamaker.

Sir, Gerald Cadogan is to be congratulated for his report, "Theatre in old London" (April 25), when he heartily recommends that Mr David Mellor, our new heritage minister, take an interest in

making more of the remains of the original Globe Playhouse.

Not only should the minister take active steps to reveal more of the site to provide greater archaeological research but he, and all others concerned, should plan for future public access and, thus, put in place for common appreciation yet another piece of the English language's cultural jigsaw.

And what a fine complement it would be to the rebuilt but authentic Globe, just a few yards away. Sam Wanamaker, The International Shakespeare Globe Centre, Bear Gardens, Bankside, London SE1 9EB

### Co-op Bank policy not prescriptive

From Mr Frances Walker.

Sir, The Co-operative Bank's ethical policy is not prescriptive.

We are offering customers two new rights: ● the right to know how their money is being used, and ● the right to express a view on how that money should be invested.

All free societies offer individuals the right to choose their own ethics within the law. The Co-operative Bank is describing its ethics utilising customer funds. Frances Walker, consultant to the Co-operative Bank, 2 Ridgmount Street, London WC1E 7AA

BUILDING SOCIETY INVESTMENT TERMS						
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	Mixed Day	10.60	7.95	Yearly	Tiered	10 15/49 400L 75/80 50
	Affide	9.90	7.43	Yearly	£10,000	40 4200L plus instant access
	Instant Access	9.00	6.75	Yearly	Tiered	8 700L 6000 400 100 instant acc
	Flexi	10.90	8.00	Yearly	£10	20 days withdrawal limit, acc
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## COMPANY NEWS: UK

# The Bank is left on the sideline as two suitors make secret approaches

BRITISH clearing banks are no longer a species protected by the Bank of England. To be more precise, they cannot rely on the Bank to protect them from a takeover, although the Bank will intervene in a bank's affairs if there is a threat to its depositors' interests.

This is one lesson from the remarkable story of the secret negotiations between Midland Bank and Lloyds Bank and between Midland and Hongkong Bank, which took place between December last year and March. These negotiations culminated last week in Lloyds' announcement that it was proposing to pay \$3.6bn to acquire Midland, as a challenge to a formal \$3.3bn bid made a fortnight earlier by Hongkong Bank.

Midland published part of this story in a letter sent to its shareholders yesterday. The Financial Times has pieced together the rest of the narrative from interviews with bankers involved in the talks.

Lloyds had been doing research on the logic of buying Midland since early last year. However, it did not tell Midland it was interested in buying it until the end of November.

Detailed discussions on a possible deal then started immediately between Mr Brian Pitman, chief executive of Lloyds and architect of the takeover plan, and Mr Brian Pearce, Midland's chief executive.

Mr Pearce and Mr Pitman are both lifetime career bankers, with more than 30 years experience of the industry between them. Mr Pearce, at 58, is two years younger than Mr Pitman.

Though they are involved in the first takeover battle between two English clearing banks, their careers are a paradigm of the British banking tradition. They became bank clerks straight from school, stayed loyal to their employers for decades and gradually rose through the ranks.

They are both strong-willed individuals and tough negotiators. Their main financial advisers are also renowned in the City for being extremely determined. Mr Pitman is being helped by Mr Andrew Tuckey, the chairman of merchant bank Baring Brothers. Mr Derek Higgs, a managing director at merchant bank SG Warburg and dubbed by competitors as the "bruiser", is Mr Pearce's aide.

Mr Pearce was disappointed that Lloyds had made the approach. In the previous

March, he had moved banks for the first and only time in his career. The Bank of England had asked him to leave Barclays, where he had been finance director, to become chief executive of Midland, which was then at the low point of its fortunes.

Sir Kit McMahon, Midland's then chairman, had hoped to merge his bank with the Hongkong Bank. But the deal had not materialised at the end of 1990, as had been hoped. At the same time, a collapse in Midland's profits forced it to become the first clearer since the 1930s to cut its dividend.

The Bank felt it would be sensible for Sir Kit to retire early. Mr Pearce took on his executive duties and Sir Peter Walters, former chairman of BP, became Midland's chairman.

Mr Pearce had hoped to do the job for at least two years. By the end of 1991 he had become convinced that measures taken to boost productivity were paying off and that it had a future as an independent organisation.

Mr Pearce felt it was "slightly odd" - as he now says - that Lloyds should have made its approach. The day after Lloyds made contact, he went to see Mr Eddie George, deputy governor of the Bank of England.

Mr George said he was powerless to intervene. The competition authorities might question whether it was in the public interest for two big banks to combine. But this was not an issue to be considered by the Bank.

There was no suggestion that depositors' funds would be at risk as a result of a link-up between the two. Mr George said the Bank could not interfere in a question which was properly the concern of both banks' shareholders.

Lloyds wanted access to Midland's detailed accounts, to carry out a process known as "due diligence" to assess what it should offer to acquire Midland's shares. However, Midland felt it would be premature to give this information to a competitor.

Instead, Mr Pearce said Lloyds would have to wait until after its financial results were published, on February

27, before making its offer. Negotiations on the structure of the deal continued, with Mr Pearce finding time for very little else. At the end of the year it was agreed that Lloyds would make a formal bid proposal to Midland's board of directors at a meeting fixed for March 13.

In the meantime, Mr Pearce had to face the delicate task of informing Hongkong Bank what was going on. Since the end of 1987, Hongkong Bank has owned just under 15 per cent of Midland's shares and it has two of its own directors on the Midland Board, including Mr William Purves, Hongkong Bank's chairman.

In mid-January, Mr Pearce told Mr Purves that it had received a takeover approach, though he did not mention that the potential bidder was Lloyds. He told him so that

there was much indication about whether the competition authorities would have allowed the takeover to take place.

Mr Pearce did not know whether Lloyds was planning to say what role he would have in the combined business at the press conference it was organising for the following day. But he pointed out to Mr Pitman that there was a clause in his contract with Midland that allowed him to quit, giving just six months' notice, if control of Midland changed hands.

Mr Pearce then spent a frantic two hours telephoning Midland's directors to tell them that the announcement was imminent. He then went to a small apartment in the City owned by Midland for directors' use. There he telephoned Mr George, to tell him what was coming.

However, Mr George was ahead of him. He informed Mr Pearce that Lloyds had changed its mind about making the announcement. Mr Pearce had to telephone all his fellow directors again.

Banking sources say that the Bank of England put no pressure on Lloyds to change its

mind on making the announcement. Although the Bank may have shared Midland's anxiety that an announcement by Lloyds at this stage was not playing by the rules of the City, it did not feel it could intervene.

However, Mr Pitman interpreted Mr Pearce's statement about his contract as a direct threat to resign - and he felt that would be damaging to his bank's chances of success. He therefore cancelled the announcement and agreed to adhere to the original negotiating schedule.

Both banks continued to work on the detailed proposals which they would put to Midland's board on Friday March 13. At the same time, Mr Pearce, with the help of the accountants Price Waterhouse and his finance director, Mr Richard Delbridge, was preparing a separate presentation on the merits of Midland remaining independent.

The fateful Friday morning arrived and Midland's directors gathered for the meeting. However, they did not meet at the bank's distinguished Lutens-designed headquarters at Poultry in the City. To pre-empt rumours which would inevitably be stimulated by the arrival at Poultry of Sir Jeremy Morse, Lloyds' chairman, and Mr Pitman, they went to Warburg's offices.

Lloyds said it would be prepared to offer one of its shares, then worth 400p, for each Midland share (its subsequent proposal is to offer one share plus 30p). The commercial rationale for the deal was to cut costs by closing 1,100 of the combined banks' branches. Lloyds expected that at least as many of its branches would be closed as Midland's - possibly more.

Mr Pitman also said that Midland's directors would be given the lion's share of the top jobs in the combined business. Mr Pitman would be chief executive. But Sir Peter Walters would be the chairman. Mr Pearce would be deputy chief executive, in line with his role as deputy chairman of Lloyds.

For the presentation by Hongkong Bank, the Midland directors returned to Poultry. Mr Purves is a regular visitor to the headquarters that day would not have aroused outsiders' suspicions.

He offered one share and 80p

of loan stock for each Midland share (in its later published offer, it proposed one share and 100p of loan stock). At the time, that was worth slightly more than the Lloyds' offer at 410p, but the difference was not great enough to be the determining factor in Lloyds' board's choice.

There was a third presentation, by Mr Delbridge, on the merits of Midland remaining independent. The Price Waterhouse study concluded that there was no doubt about Midland's ability to survive and prosper on its own. But shareholders could not expect their

shares to yield a return - in the form of a share price rise and dividends - equal to what Hongkong Bank and Lloyds were offering for some considerable time, perhaps two years. So Midland's board felt they could not vote for independence.

In the end, they plumped for Hongkong Bank for two reasons. They preferred Hongkong Bank's promise to invest in the business and expand it. But they were also concerned that Lloyds' takeover would be blocked by the Monopolies and Mergers Commission, the UK competition authority. They

had taken advice on this issue from a leading barrister, an economist and from other legal advisers.

At 6pm the Midland board returned to Warburg's and delivered the news to a disappointed Mr Pitman. Sir Jeremy was not present.

The secret war was now over. On March 17 Midland and Hongkong Bank announced their nuptials. Last Tuesday Lloyds said it wanted to break up the engagement and carry off Midland itself. Battle had commenced.

Robert Peston



Brian Pearce, (top), Eddie George, (left), and Brian Pitman: telephone calls about timing

## LONDON RECENT ISSUES

EQUITIES									
Issue Price	1992	1991	1990	1989	1988	1987	1986	1985	1984
Price	High	Low	High	Low	High	Low	High	Low	High
100	F.P.	95	77	77	77	77	77	77	77
100	F.P.	95	77	77	77	77	77	77	77
100	F.P.	95	77	77	77	77	77	77	77
125	F.P.	113	37	2	2	2	2	2	2
100	F.P.	100	100	100	100	100	100	100	100
100	F.P.	100	100	100	100	100	100	100	100
100	F.P.	100	100	100	100	100	100	100	100
100	F.P.	100	100	100	100	100	100	100	100
100	F.P.	100	100	100	100	100	100	100	100
100	F.P.	100	100	100	100	100	100	100	100
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100	F.P.	100	100	100	100	100	100	100	100
100	F.P.	100	100	100	100	100	100	100	100
100	F.P.	100	100	100	100	100	100	100	100
100	F.P.	100	100	100	100	100	100	1	



# A solid performance in a very tough economic climate

*Extracts from the address by ICI Chairman Sir Denys Henderson  
at the Annual General Meeting of Imperial Chemical Industries PLC  
on May 1st 1992*

**W**e entered 1991 surrounded by economic and political uncertainty. It was as difficult and challenging a year for the chemical industry as any I can remember, but as a result of all the hard work we put in through the '80s, we weathered the storm as well as any of our international competitors, and a great deal better than much of British business.

Group sales, at £12.5 billion, were 3% down on the previous year and our profits were lower by £93 million than the restated 1990 figure, reflecting the fiercely competitive world markets. However costs were well contained and the Group's overall cash position remained strong because of the very early reshaping and cost control measures which were initiated well before the full force of recession struck the chemical industry. Our balance sheet is very strong, and the actions we are taking will certainly ensure that we will benefit as demand world-wide recovers. Your Board is therefore confidently recommending that the dividend should be maintained.

## The performance of our businesses

Some of our businesses turned in outstanding performances. Pharmaceuticals, which is going from strength to strength, had another record year — and their pipeline of new products continues to grow. Paints, now firmly established as the world leader in their industry, also achieved record profits, and there was another excellent year for Agrochemicals. Explosives (also a world leader) maintained their profit performance and we restructured our now wholly-owned subsidiary, Tioxide, reducing costs significantly, which has helped to sustain its profitability.

However, the markets for housing, construction, automobiles and white goods have been badly hit world-wide, affecting demand for Fibres, Plastics and Industrial Chemicals. In Western Europe, a high level of imports from Eastern Europe and the USA, and unreasonable, swinging electricity price increases in the UK, plus higher oil feedstock costs have been additional problems to be tackled. In consequence, while both Chemicals & Polymers and Specialties made welcome profits, their results were disappointing. Radical reshaping of these businesses continues apace, through the divestment of non-strategic businesses, the closure of unprofitable plants and a reduction in the number of people employed. The benefits from this strategy, and tight cost control, will become increasingly apparent during 1992 and 1993, when their results should improve as demand picks up.

ICI Materials, which brings together the Group's interest in Acrylics, Polyurethanes, Films, Fibres and our much reduced Advanced Materials business, has been faced with serious adverse trading conditions and has made losses. But their management has faced up to very difficult decisions over the past year, with costs cut drastically. However, Acrylics continued to expand, and Polyurethanes, despite weak demand, had a reasonable year.

We have an on-going programme of capital expenditure, of which significant examples are: 'Klea' 134a, our CFC replacement, and £37 million invested in new capacity in our exciting new food product, 'Quorn'. And earlier this year we acquired a Refinish Paints Business in Spain.

There were also a number of businesses which were sold because they did not fit with our long-term strategic plans. Because these divestments were carefully planned over a long timescale, we were able to obtain good prices which, in total, amounted to over £500 million received last year.

So that was 1991 — a solid performance producing £843 million profit before tax in a very tough economic climate, with some very bright spots and some disappointments. But overall, the return on capital is not satisfactory and we are making enormous efforts to make sure this will improve.

There is one other aspect of 1991 on which I believe shareholders would welcome comment, which was the 2.8% stake taken by the Hanson Group last May. This was not helpful — quite the contrary. Our major reshaping exercise was already well underway and the main impact of the new shareholding was simply to cause great anxiety to employees and much uncertainty amongst customers.

That was because the Hanson Group and ICI have very little in common in terms of business objectives, territorial ambitions, or commitment to research.

## Environmental progress

I turn now to two vitally important, related topics. First, the environment. We have made a good start towards meeting the long-term environmental objectives which I set over a year ago, particularly in our reduction of hazardous wastes, where special care is constantly needed in treatment and disposal.

On the product front, 'Biopol', our fully biodegradable plastic, won important environmental awards in both Germany and the USA. The Prime Minister, John Major, opened the world's first commercial ozone-benign CFC

replacement plant on Merseyside, and we are also investing significant capital in CFC replacement units in the USA and in Japan. Good environmental management is not just a question of preventing emissions or spillages from existing activities, but it is also about finding acceptable new products and processes and building safe, environmentally benign new plants.

I make no secret of the fact that we still have some way to go, but I hope that by this time next year we will be able to report further progress. But I have to tell you that this process is costly — in 1991 alone, ICI spent over £340 million on environmental improvements.

May I now dwell specifically on chlorofluorocarbons. All of us in ICI are committed to phasing out CFCs as rapidly as possible, with a timetable which is both practicable and responsible.

Group sales £12.5 billion

Pre-tax profits £843 million

Dividend maintained

Benefits from early reshaping  
and cost control measures

Over £690 million spent on  
Research & Technology

Committed to improving  
environmental performance and  
phasing out CFCs

The Montreal Protocol, an international agreement signed by over 70 countries, has set a deadline for the year 2000 for the complete phase-out of CFCs and other products with ozone-depleting potential. The European Community has advanced this deadline to 1997 and, just recently, both the UK and US Governments have recommended a still earlier phase-out date of 1995. ICI has always supported these initiatives, and we have announced that we will cease production of all substances controlled under the terms of the Montreal Protocol by no later than the end of 1995. This includes CFCs, Halons (used in fire extinguishers), Carbon Tetrachloride and 1,1,1-Trichloroethane.

The speed of phase out depends on the development of safe and effective replacements. Until these alternatives are available, CFCs are still required. They are needed in food preservation and distribution; for medical requirements, and in the manufacture of critical engineering components. ICI is in the forefront of developing new, safe and efficient alternatives. We have committed to date, £260 million to this task — £100 million on research, and £160 million on new plants for the first of these new products, trade-named 'Klea' 134a. Since 'Klea' 134a is now becoming increasingly available in commercial quantities, we urge our customers to change from CFCs, wherever and as quickly as possible.

But we have not stopped there — we have established a free CFC recovery and recycling scheme in both the UK and Europe.

To encourage further co-operation, we have suggested the formation of a National Council for CFC phase-out, to include producers, users, government and environmentalists. As a first step, we would welcome a government initiative to quantify the use of CFCs in the UK, and the extent to which this demand can be met by recycling rather than from existing production.

## Research and technology

The second topic is research and technology, the lifeblood of the Company and the basis of future profitable growth. Last year we invested over £690 million. If ICI is to remain a world leader in advanced technology, we must continue to devote significant resource to research and development. That is how we have built world-leading businesses in Agrochemicals, Paints and Explosives. That is why the profits of our Pharmaceuticals business multiplied sixfold over the last ten years, and why some 25% of the products we sell today were not on the market only five years ago. It is also why we continue to win Queen's Awards for both Technology and Exports.

1992 so far shows little clear sign of improvement and, indeed, the commodity cycle may well not begin to recover until 1993. The coming months will be difficult for many countries, and the climb out of recession is likely to be gradual. ICI is well placed to take full advantage of the upturn and we shall continue to focus our activities still further, as the recently announced transactions in Fibres and Acrylics with Du Pont clearly demonstrate. We must await the approval of the regulatory authorities for these important strategic moves, but I am in no doubt that they are each in the best interests of both parties and are major initiatives which will, hopefully, encourage further restructuring of the chemical industry to meet the competitive challenge of the next century.

## The first quarter of 1992

Our first quarter results were an improvement on this time last year and show two things. The first is that the recession is still with us to a considerable extent, but the second is that a number of our businesses, particularly those serving the housing, consumer goods and textile markets in the USA, the UK and parts of Continental Europe, are detecting faint signs of recovery. There is, however, still some considerable way to go before we can be confident that good growth will be resumed world-wide.

This has not been an easy time, and I am constantly aware of the support and co-operation which we have received right across the Company as difficult decisions have had to be implemented. As always, ICI employees have risen to the occasion magnificently. I should emphasise that the Group continues to make every effort to take proper care of those affected. Where businesses are sold or shut down, we make it a high priority to safeguard jobs.

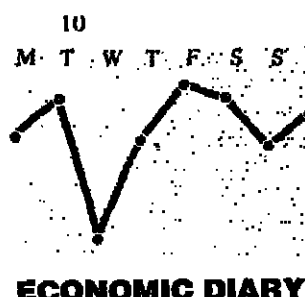
Only three weeks ago, the Conservative party was re-elected for a fourth consecutive term in Government. ICI supports no political party but I welcome the fact that there was a clear result which removes uncertainty. Britain now accounts for just over 20% of ICI sales but, nevertheless, it remains our home base and is vitally important as our technological heartland and our major source of exports. As we rapidly approach the completion of the Single European Market at the beginning of 1993, I would wish to underline one single point as powerfully as I can. It is, that it is crucial for Britain, and indeed Europe as a whole, that we remain competitive against the rest of the world. We must constantly guard against the danger of self-imposed, unilateral burdens which our Japanese, American or Asia Pacific competitors do not have to face.

We are living in a difficult economic climate with continuing uncertainty in many of our markets. ICI is therefore undergoing a greater than normal period of change, but those corporate values, which have stood the test of time, will not change. We will remain jealous of our well-earned reputation for good corporate governance, for safe and efficient operations, for care for our employees and for our high standards of ethical behaviour.

There are those who will regret that many of our traditional links with the past have been severed; that we have exited businesses which have served us well in years gone by. In many ways I share that regret, but I see an exciting future ahead, although it will be in a vastly different Company from the one which I joined some 35 years ago. ICI has been a pathfinder in the chemical industry since its inception in 1926, and we have always found a successful route forward, whatever the problems. We will continue that pathfinder rôle with vigour and imagination. I am in no doubt that we can face the future with confidence, because of the actions we are taking today.







# ECONOMIC DIARY

**TODAY:** Continuation of informal meeting of EC Foreign ministers at Guimaraes, Portugal.

**TOMORROW:** Shopworkers' union USAW conference at Blackpool (until Wednesday).

**MONDAY:** Meeting of EC development ministers in Brussels followed (on Tuesday) by first joint meeting of EC development and environment ministers to prepare strategy for UNCED summit in Rio de Janeiro in June. Intergovernmental conference on the proposed European Community patent at Lisbon (until Tuesday). Markets closed in UK and Japan.

**TUESDAY:** UK official reserves (April). Building Societies Association conference (all Thursday). Midland Bank AGM. SPIN technology seminar at Luxembourg with discussions on EC support for science parks (continuing Wednesday). US: presidential primaries in Indiana, North Carolina, Ohio and District of Columbia. Markets closed in Japan. Seventh round of prime ministers' talks between North and South Koreans in Seoul.

**WEDNESDAY:** State opening of UK Parliament, with the Queen reading speech setting out government's legislative programme. Portuguese President Mario Soares visits Denmark (until Friday). Ukraine President Leonid Kravchuk visits Washington. Austrian Foreign Minister Alois Mock in Brussels for talks expected to focus on Austria's application to join EC.

**THURSDAY:** UK local council elections. Cyclical indicators for the UK economy (April - first estimate). Details of UK employment, unemployment, earnings, prices and other indicators. Former Soviet President Mikhail Gorbachev makes public speeches in San Francisco and at Stanford University.

**FRIDAY:** UK insolvency statistics (first quarter). Oporto: informal meeting of EC Finance Ministers. All markets closed in France.

## FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1992. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS		Friday May 1 1992		Highs and Lows Index	
Figures in parentheses show number of stocks per section		Index	Day's Change	Index	Day's Change
1 CAPITAL GROUPS (179)	889.01	+0.2	6.95	889.01	+0.2
2 Building Materials (22)	1085.56	+0.2	5.60	1085.56	+0.2
3 Contracting, Construction (28)	1021.14	+0.1	6.02	1021.14	+0.1
4 Electricals (8)	2578.08	-1.7	7.18	2578.08	-1.7
5 Electronics (29)	1986.60	+1.2	9.06	1986.60	+1.2
6 Engineering-Aerospace (7)	388.53	-1.1	9.03	388.53	-1.1
7 Engineering-General (44)	534.57	-0.3	7.86	534.57	-0.3
8 Metals and Metalworking (14)	363.83	-0.9	1.28	363.83	-0.9
9 Motors (14)	363.98	+0.1	7.33	363.98	+0.1
10 Other Industrial Materials (19)	1812.42	+0.4	5.86	1812.42	+0.4
11 Pharmaceuticals (13)	1705.79	+0.1	7.66	1705.79	+0.1
12 Process Industries (24)	2192.56	+1.0	7.46	2192.56	+1.0
13 Retailing (18)	1278.46	+0.2	8.42	1278.46	+0.2
14 Software (13)	2821.98	+0.2	8.14	2821.98	+0.2
15 Telecommunications (24)	404.34	-1.3	6.72	404.34	-1.3
16 Textiles (10)	1410.35	+0.6	6.05	1410.35	+0.6
17 Transport (14)	1657.28	+1.2	5.83	1657.28	+1.2
18 Utilities (11)	1111.50	+0.2	6.44	1111.50	+0.2
19 Other Groups (116)	1314.69	+0.4	6.23	1314.69	+0.4
20 Business Services (17)	1432.69	+0.6	6.52	1432.69	+0.6
21 Chemicals (22)	1601.70	+0.6	6.56	1601.70	+0.6
22 Conglomerates (11)	1445.59	+0.5	9.74	1445.59	+0.5
23 Food (14)	2657.60	+1.0	4.78	2657.60	+1.0
24 Insurance (16)	1294.94	+0.2	12.40	1294.94	+0.2
25 Insurance (Brokers) (10)	982.24	+0.6	7.86	982.24	+0.6
26 Merchant Banks (7)	510.94	+0.4	4.04	510.94	+0.4
27 Property (33)	716.91	+2.2	7.47	716.91	+2.2
28 Other Financial (15)	256.49	+0.4	6.77	256.49	+0.4
29 Investment Trusts (70)	1237.14	+0.6	3.62	1237.14	+0.6
30 ALL-SHARE INDEX (657)	1286.55	+0.3	4.00	1286.55	+0.3
FT-SE 100 SHARE INDEX	2659.81	+5.7	2672.71	2659.81	+5.7

## FIXED INTEREST

PRICE INDICES		Fri May 1		Day's Change	
1 British Government	122.43	+0.21	122.18	1.97	4.28
2 5-15 years (25)	137.96	+0.40	137.41	1.69	5.45
3 Over 15 years (9)	150.62	+0.54	149.81	3.23	2.78
4 Irredeemables (6)	163.19	+0.27	162.75	0.14	6.11
5 All stocks (67)	135.75	+0.35	135.27	1.98	4.85
6 Index-Linked	169.72	+0.24	169.31	0.36	1.83
7 Over 5 years (9)	147.64	+0.52	146.88	0.77	1.64
8 All stocks (11)	149.54	+0.47	148.83	0.71	1.65
9 Rate & Lease (62)	119.46	+0.29	119.11	1.84	4.26

AVERAGE GROSS REDEMPTION YIELDS		Fri May 1		Day's Change	
1 Low Government	8.30	8.38	9.25	9.43	2.14
2 Medium Government	9.02	9.06	9.72	9.72	1.14
3 High Government	9.26	9.31	10.24	10.28	1.14
4 Low Corporate	9.05	9.10	10.14	9.82	1.14
5 Medium Corporate	9.03	9.07	10.10	9.82	1.14
6 High Corporate	9.47	9.53	10.40	10.40	1.14
7 Low Index-Linked	9.18	9.23	10.32	9.86	1.14
8 Medium Index-Linked	9.13	9.18	10.28	9.86	1.14
9 High Index-Linked	9.26	9.27	10.01	9.92	1.14

## LIFFE EQUITY OPTIONS


LIFE EQUITY OPTIONS																	
Option	CALLS				PUTS				Option	CALLS				PUTS			
	May	Jun	Jul	Aug	May	Jun	Jul	Aug		May	Jun	Jul	Aug	May	Jun	Jul	Aug
AMEX (Fut)	600	51	67	79	12	19	24	32	BAE (Fut)	600	40	55	74	5	20	26	35
ASDA (Fut)	20	11	12	13	14	2	3	4	BAE (Fut)	650	10	27	10	27	72	76	79
ASDA (Fut)	30	11	12	13	14	2	3	4	BAT Ind (Fut)	700	51	67	79	12	19	24	32
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	730	55	67	79	12	19	24	32
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	780	55	67	79	12	19	24	32
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8	10	11	12	13	BAT Ind (Fut)	800	7	29	43	54	54	54	54
ASDA (Fut)	35	3	6	8													



1997 MAY 2

	CASH					BALANCE
	Dep	Ret	Int	Div	Net	
1	100					100
2	100					200
3	100					300
4	100					400
5	100					500
6	100					600
7	100					700
8	100					800
9	100					900
10	100					1000
11	100					1100
12	100					1200
13	100					1300
14	100					1400
15	100					1500
16	100					1600
17	100					1700
18	100					1800
19	100					1900
20	100					2000
21	100					2100
22	100					2200
23	100					2300
24	100					2400
25	100					2500
26	100					2600
27	100					2700
28	100					2800
29	100					2900
30	100					3000
31	100					3100
32	100					3200
33	100					3300
34	100					3400
35	100					3500
36	100					3600
37	100					3700
38	100					3800
39	100					3900
40	100					4000
41	100					4100
42	100					4200
43	100					4300
44	100					4400
45	100					4500
46	100					4600
47	100					4700
48	100					4800
49	100					4900
50	100					5000
51	100					5100
52	100					5200
53	100					5300
54	100					5400
55	100					5500
56	100					5600
57	100					5700
58	100					5800
59	100					5900
60	100					6000
61	100					6100
62	100					6200
63	100					6300
64	100					6400
65	100					6500
66	100					6600
67	100					6700
68	100					6800
69	100					6900
70	100					7000
71	100					7100
72	100					7200
73	100					7300
74	100				</	

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## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Sterling slips on rates moves

There was very little trading on the foreign exchange markets yesterday as most of continental Europe was on holiday, writes James Blitz. But sterling captured much attention as the Bank of England signalled through its money market operations that it may wish to see a cut in UK base rates by at least ¼ per cent next week. As news filtered out from the UK markets in the morning, sterling dipped to DM2.8291, although one economist said that this had more to do with traders speculating on another hike in German interest rates rather than uncertainty in the pound. In the afternoon, the pound picked up again but still finished at DM2.8300, down from a previous close of DM2.8325.

According to Mr Paul Chertkov, chief currency analyst at Citibank in London, the prospect of a ¼ per cent drop in UK interest rates would strengthen the pound rather than weaken it. "A drop of ¼

## STERLING INDEX

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Sterling index: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## CURRENCY MOVEMENTS

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Currency movements: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## CURRENCY RATES

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Currency rates: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## OTHER CURRENCIES

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Other currencies: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## FORWARD RATES

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Forward rates: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## EXCHANGE CROSS RATES

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Exchange cross rates: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## FORWARD RATES AGAINST STERLING

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Forward rates against sterling: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## MONEY MARKETS

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Money markets: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## RATES SHAVED AGAIN

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Rates shaved again: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## MONEY MARKETS

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Money markets: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## RATES SHAVED AGAIN

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Rates shaved again: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## MONEY MARKETS

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Money markets: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## RATES SHAVED AGAIN

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Rates shaved again: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## MONEY MARKETS

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Money markets: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## RATES SHAVED AGAIN

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Rates shaved again: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## MONEY MARKETS

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Money markets: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## RATES SHAVED AGAIN

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Rates shaved again: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## FINANCIAL FUTURES AND OPTIONS

## STERLING SLIPS ON RATES MOVES

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Sterling slips on rates moves: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## FINANCIAL FUTURES AND OPTIONS

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Financial futures and options: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## STERLING SLIPS ON RATES MOVES

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Sterling slips on rates moves: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## FINANCIAL FUTURES AND OPTIONS

May 1	May 2	May 3
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00
100.00	100.00	100.00

Source: Reuters. Financial futures and options: average of 10 major currencies against the pound sterling. Base rate: 100.00.

## STERLING SLIPS ON RATES MOVES

LIRA 200m 199m at 100%				PHILADELPHIA SE 6/5 OFFERS				
	Close	High	Low	Prev.	EXL 250 (cents per EX)			
Jan	90.50	90.60	90.46	90.41	Strike	Calls		
Jan	90.63			90.63	Price	May	Jan	Jul
Estimated volume 566 (7745)					1.675	9.85	9.85	9.85
Trading day's open int. 30825 C90024					1.700	7.40	7.40	7.40
THREE MONTHS STEERING •					1.900	6.93		







## LONDON STOCK EXCHANGE

## Hopes of rate cut boosts equities

By Steve Thompson

A SESSION expected to be nothing more than a winding down period for the Bank Holiday weekend provided plenty of thrills and spills and saw the Footsie index stage another strong but ultimately unsuccessful dash at the market's all-time peak.

A buoyant performance by equities rounded off a week that included Lloyds Bank's considered £3.7bn counter offer to the agreed merger between Hongkong & Shanghai Banking and Midland, plus a series of big placings and a successful outcome to the UK's biggest ever auction of gilts.

The trigger for the latest in a series of impressive showings by equities was a growing

Account Opening Dates		
First Opening	Apr 22	May 11
Second Opening	Apr 23	May 12
Third Opening	Apr 24	May 13
Fourth Opening	Apr 25	May 14
Fifth Opening	Apr 26	May 15
Sixth Opening	Apr 27	May 16
Seventh Opening	Apr 28	May 17
Eighth Opening	Apr 29	May 18
Ninth Opening	Apr 30	May 19
Tenth Opening	May 1	May 20
Eleventh Opening	May 2	May 21
Twelfth Opening	May 3	May 22
Thirteenth Opening	May 4	May 23
Fourteenth Opening	May 5	May 24
Fifteenth Opening	May 6	May 25
Sixteenth Opening	May 7	May 26
Seventeenth Opening	May 8	May 27
Eighteenth Opening	May 9	May 28
Nineteenth Opening	May 10	May 29
Twentieth Opening	May 11	May 30
Twenty-first Opening	May 12	May 31
Twenty-second Opening	May 13	June 1
Twenty-third Opening	May 14	June 2
Twenty-fourth Opening	May 15	June 3
Twenty-fifth Opening	May 16	June 4
Twenty-sixth Opening	May 17	June 5
Twenty-seventh Opening	May 18	June 6
Twenty-eighth Opening	May 19	June 7
Twenty-ninth Opening	May 20	June 8
Thirtieth Opening	May 21	June 9
Thirty-first Opening	May 22	June 10
Thirty-second Opening	May 23	June 11
Thirty-third Opening	May 24	June 12
Thirty-fourth Opening	May 25	June 13
Thirty-fifth Opening	May 26	June 14
Thirty-sixth Opening	May 27	June 15
Thirty-seventh Opening	May 28	June 16
Thirty-eighth Opening	May 29	June 17
Thirty-ninth Opening	May 30	June 18
Fortieth Opening	May 31	June 19

belief in the market that the Treasury had rubber-stamped a cut in UK domestic interest rates and that such a move would probably take place on Tuesday morning. A reduction of a quarter of a point was confidently predicted while many observers said a cut of a half point was quite feasible.

Gilt-edged stocks bounded ahead, with the authorities confidently encouraged to issue a

further £1.1bn-worth of stock, comprising £900m of tap stocks and £200m in index-linked stock. Longer dated issues closed around a half point higher. The equity market began the session some 5 points up at 2,660.1, on the interest rate cut story and also in sympathy with the firm performance by Wall Street on Thursday evening.

With no immediate indications that a rate cut was imminent, the equity market fell back to show a near four-point decline within an hour of the opening, before embarking on a determined upward move. This was accompanied by keen demand for the Footsie future, which pushed confidently through the 2,700 mark. At its best level of the day, 2,672.7,

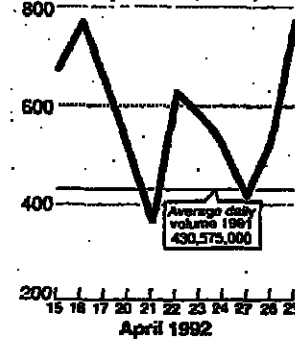
the underlying index was some seven points off its all-time closing high, reached last September. Thereafter, Footsie buying interest, and the general level of business began to tail off as marketmakers awaited what was expected to be a twitchy opening by Wall Street in the wake of the devastation caused by the riots on the west coast.

London's caution was well founded with the Dow Jones Average down more than 25 points as the Footsie ended the session 5.7 off at 2,659.8, although 16.8 higher over the week. Turnover reached 883.8m shares, heavily boosted by the placing of a block of 24m shares in Kalon, carried out jointly by Smith New Court and James Capel.

● Retail, or customer business, in London continued at high levels this week amid hopes that the economy is emerging from recession.

## London SE volume

Turnover by volume (million)



## FINANCIAL TIMES STOCK INDICES

	May 1	May 2	May 3	May 4	May 5	May 6	May 7	May 8	May 9	May 10	May 11	May 12	May 13	May 14	May 15	May 16	May 17	May 18	May 19	May 20	May 21	May 22	May 23	May 24	May 25	May 26	May 27	May 28	May 29	May 30	May 31	June 1	June 2	June 3	June 4	June 5	June 6	June 7	June 8	June 9	June 10	June 11	June 12	June 13	June 14	June 15	June 16	June 17	June 18	June 19	June 20	June 21	June 22	June 23	June 24	June 25	June 26	June 27	June 28	June 29	June 30	June 31	July 1	July 2	July 3	July 4	July 5	July 6	July 7	July 8	July 9	July 10	July 11	July 12	July 13	July 14	July 15	July 16	July 17	July 18	July 19	July 20	July 21	July 22	July 23	July 24	July 25	July 26	July 27	July 28	July 29	July 30	July 31	Aug 1	Aug 2	Aug 3	Aug 4	Aug 5	Aug 6	Aug 7	Aug 8	Aug 9	Aug 10	Aug 11	Aug 12	Aug 13	Aug 14	Aug 15	Aug 16	Aug 17	Aug 18	Aug 19	Aug 20	Aug 21	Aug 22	Aug 23	Aug 24	Aug 25	Aug 26	Aug 27	Aug 28	Aug 29	Aug 30	Aug 31	Sep 1	Sep 2	Sep 3	Sep 4	Sep 5	Sep 6	Sep 7	Sep 8	Sep 9	Sep 10	Sep 11	Sep 12	Sep 13	Sep 14	Sep 15	Sep 16	Sep 17	Sep 18	Sep 19	Sep 20	Sep 21	Sep 22	Sep 23	Sep 24	Sep 25	Sep 26	Sep 27	Sep 28	Sep 29	Sep 30	Sep 31	Oct 1	Oct 2	Oct 3	Oct 4	Oct 5	Oct 6	Oct 7	Oct 8	Oct 9	Oct 10	Oct 11	Oct 12	Oct 13	Oct 14	Oct 15	Oct 16	Oct 17	Oct 18	Oct 19	Oct 20	Oct 21	Oct 22	Oct 23	Oct 24	Oct 25	Oct 26	Oct 27	Oct 28	Oct 29	Oct 30	Oct 31	Nov 1	Nov 2	Nov 3	Nov 4	Nov 5	Nov 6	Nov 7	Nov 8	Nov 9	Nov 10	Nov 11	Nov 12	Nov 13	Nov 14	Nov 15	Nov 16	Nov 17	Nov 18	Nov 19	Nov 20	Nov 21	Nov 22	Nov 23	Nov 24	Nov 25	Nov 26	Nov 27	Nov 28	Nov 29	Nov 30	Dec 1	Dec 2	Dec 3	Dec 4	Dec 5	Dec 6	Dec 7	Dec 8	Dec 9	Dec 10	Dec 11	Dec 12	Dec 13	Dec 14	Dec 15	Dec 16	Dec 17	Dec 18	Dec 19	Dec 20	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	Dec 26	Dec 27	Dec 28	Dec 29	Dec 30	Dec 31																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
Government Bonds	86.51	86.40	86.61	86.51	86.53	86.48	86.62	85.11	86.14	86.15	86.16	86.17	86.18	86.19	86.20	86.21	86.22	86.23	86.24	86.25	86.26	86.27	86.28	86.29	86.30	86.31	86.32	86.33	86.34	86.35	86.36	86.37	86.38	86.39	86.40	86.41	86.42	86.43	86.44	86.45	86.46	86.47	86.48	86.49	86.50	86.51	86.52	86.53	86.54	86.55	86.56	86.57	86.58	86.59	86.60	86.61	86.62	86.63	86.64	86.65	86.66	86.67	86.68	86.69	86.70	86.71	86.72	86.73	86.74	86.75	86.76	86.77	86.78	86.79	86.80	86.81	86.82	86.83	86.84	86.85	86.86	86.87	86.88	86.89	86.90	86.91	86.92	86.93	86.94	86.95	86.96	86.97	86.98	86.99	87.00	87.01	87.02	87.03	87.04	87.05	87.06	87.07	87.08	87.09	87.10	87.11	87.12	87.13	87.14	87.15	87.16	87.17	87.18	87.19	87.20	87.21	87.22	87.23	87.24	87.25	87.26	87.27	87.28	87.29	87.30	87.31	87.32	87.33	87.34	87.35	87.36	87.37	87.38	87.39	87.40	87.41	87.42	87.43	87.44	87.45	87.46	87.47	87.48	87.49	87.50	87.51	87.52	87.53	87.54	87.55	87.56	87.57	87.58	87.59	87.60	87.61	87.62	87.63	87.64	87.65	87.66	87.67	87.68	87.69	87.70	87.71	87.72	87.73	87.74	87.75	87.76	87.77	87.78	87.79	87.80	87.81	87.82	87.83	87.84	87.85	87.86	87.87	87.88	87.89	87.90	87.91	87.92	87.93	87.94	87.95	87.96	87.97	87.98	87.99	88.00	88.01	88.02	88.03	88.04	88.05	88.06	88.07	88.08	88.09	88.10	88.11	88.12	88.13	88.14	88.15	88.16	88.17	88.18	88.19	88.20	88.21	88.22	88.23	88.24	88.25	88.26	88.27	88.28	88.29	88.30	88.31	88.32	88.33	88.34	88.35	88.36	88.37	88.38	88.39	88.40	88.41	88.42	88.43	88.44	88.45	88.46	88.47	88.48	88.49	88.50	88.51	88.52	88.53	88.54	88.55	88.56	88.57	88.58	88.59	88.60	88.61	88.62	88.63	88.64	88.65	88.66	88.67	88.68	88.69	88.70	88.71	88.72	88.73	88.74	88.75	88.76	88.77	88.78	88.79	88.80	88.81	88.82	88.83	88.84	88.85	88.86	88.87	88.88	88.89	88.90	88.91	88.92	88.93	88.94	88.95	88.96	88.97	88.98	88.99	89.00	89.01	89.02	89.03	89.04	89.05	89.06	89.07	89.08	89.09	89.10	89.11	89.12	89.13	89.14	89.15	89.16	89.17	89.18	89.19	89.20	89.21	89.22	89.23	89.24	89.25	89.26	89.27	89.28	89.29	89.30	89.31	89.32	89.33	89.34	89.35	89.36	89.37	89.38	89.39	89.40	89.41	89.42	89.43	89.44	89.45	89.46	89.47	89.48	89.49	89.50	89.51	89.52	89.53	89.54	89.55	89.56	89.57	89.58	89.59	89.60	89.61	89.62	89.63	89.64	89.65	89.66	89.67	89.68	89.69	89.70	89.71	89.72	89.73	89.74	89.75	89.76	89.77	89.78	89.79	89.80	89.81	89.82	89.83	89.84	89.85	89.86	89.87	89.88	89.89	89.90	89.91	89.92	89.93	89.94	89.95	89.96	89.97	89.98	89.99	90.00	90.01	90.02	90.03	90.04	90.05	90.06	90.07	90.08	90.09	90.10	90.11	90.12	90.13	90.14	90.15	90.16	90.17	90.18	90.19	90.20	90.21	90.22	90.23	90.24	90.25	90.26	90.27	90.28	90.29	90.30	90.31	90.32	90.33	90.34	90.35	90.36	90.37	90.38	90.39	90.40	90.41	90.42	90.43	90.44	90.45	90.46	90.47	90.48	90.49	90.50	90.51	90.52	90.53	90.54	90.55	90.56	90.57	90.58	90.59	90.60	90.61	90.62	90.63	90.64	90.65	90.66	90.67	90.68	90.69	90.70	90.71	90.72	90.73	90.74	90.75	90.76	90.77	90.78	90.79	90.80	90.81	90.82	90.83	90.84	90.85	90.86	90.87	90.88	90.89	90.90	90.91	90.92	90.93	90.94	90.95	90.96	90.97	90.98	90.99	91.00	91.01	91.02	91.03	91.04	91.05	91.06	91.07	91.08	91.09	91.10	91.11	91.12	91.13	91.14	91.15	91.16	91.17	91.18	91.19	91.20	91.21	91.22	91.23	91.24	91.25	91.26	91.27	91.28	91.29	91.30	91.31	91.32	91.33	91.34	91.35	91.36	91.37	91.38	91.39	91.40	91.41	91.42	91.43	91.44	91.45	91.46	91.47	91.48	91.49	91.50	91.51	91.52	91.53	91.54	91.55	91.56	91.57	91.58	91.59	91.60	91.61	91.62	91.63	91.64	91.65	91.66	91.67	91.68	91.69	91.70	91.71	91.72	91.73	91.74	91.75	91.76	91.77	91.78	91.79	91.80	91.81	91.82	91.83	91.84	91.85	91.86	91.87	91.88	91.89	91.90	91.91	91.92	91.93	91.94	91.95	91.96	91.97	91.98	91.99	92.00	92.01	92.02	92.03	92.04	92.05	92.06	92.07	92.08	92.09	92.10	92.11	92.12	92.13	92.14	92.15	92.16	92.17	92.18	92.19	92.20	92.21	92.22	92.23	92.24	92.25	92.26	92.27	92.28	92.29	92.30	92.31	92.32	92.33	92.34	92.35	92.36	92.37	92.38	92.39	92.40	92.41	92.42	92.43	92.44	92.45	92.46	92.47	92.48	92.49	92.50	92.51	92.52	92.53	92.54	92.55	92.56	92.57	92.58	92.59	92.60	92.61	92.62	92.63	92.64	92.65	92.66	92.67	92.68	92.69	92.70	92.71	92.72	92.73	92.74	92.75	92.76	92.77	92.78	92.79	92.80	92.81	92.82	92.83	92.84	92.85	92.86	92.87	92.88	92.89	92.90	92.91	92.92	92.93	92.94	92.95	92.96	92.97	92.98	92.99	93.00	93.01	93.02	93.03	93.04	93.05	93.06	93.07	93.08	93.09	93.10	93.11	93.12	93.13	93.14	93.15	93.16	93.17	93.18	93.19	93.20	93.21	93.22	93.23	93.24	93.25	93.26	93.27	93.28	93.29	93.30	93.31	93.32	93.33	93.34	93.35	93.36	93.37	93.38	93.39	93.40	93.41	93.42	93.43	93.44	93.45	93.46	93.47	93.48	93.49	93.50	93.51	93.52	93.53	93.54	93.55	93.56	93.57	93.58	93.59	93.60	93.61	93.62	93.63	93.64	93.65	93.66	93.67	93.68	93.69	93.70	93.71	93.72	93.73	93.74	93.75	93.76	93.77	93.78	93.79	93.80	93.81	93.82	93.83	93.84	93.85	93.86	93.87	93.88	93.89	93.90	93.91	93.92	93.93	93.94	93.95	93.96	93.97	93.98	93.99	94.00	94.01	94.02	94.03	94.04	94.05	94.06	94.07	94.08	94.09	94.10	94.11	94.12	94.13	94.14	94.15	94.16	94.17	94.18	94.19	94.20	94.21	94.22	94.23	94.24	94.25	94.26	94.27	94.28	94.29	94.30	94.31	94.32	94.33	94.34	94.35	94.36	94.37	94.38	94.39	94.40	94.41	94.42	94.43	94.44	94.45	94.46	94.47	94.48	94.49	94.50	94.51	94.52	94.53	94.54	94.55	94.56	94.57	94.58	94.59	94.60	94.61	94.62	94.63	94.64	94.65	94.66	94.67	94.68	94.69	94.70	94.71	94.72	94.73	94.74	94.75	94.76	94.77	94.78	94.79	94.80	94.81	94.82	94.83	94.84	94.85	94.86	94.87	94.88	94.89	94.90	94.91	94.92	94.93	94.94	94.95	94.96	94.97	94.98	94.99	95.00	95.01	95.02	95.03	95.04	95.05	95.06	95.07	95.08	95.09	95.10	95.11	95.12	95.13	95.14	95.15	95.16	95.17	95.18	95.19	95.20	95.21	95.22	95.23	95.24	95.25	95.26	95.27	95.28	95.29	95.30	95.31	95.32	95.33	95.34	95.35	95.36	95.37	95.38	95.39	95.40	95.41	95.42	95.43	95.44	95.45	95.46	95.47	95.48	95.49	95.50	95.51	95.52	95.53	95.54	95.55	95.56	95.57	95.58	95.59	95.60	95.61	95.62	95.63	95.64	95.65	95.66	95.67	95.68	95.69	95.70	95.71	95.72	95.73	95.74	95.75	95.76	95.77	95.78	95.79	95.80	95.81	95.82	95.83	95.84	95.85	95.86	95.87	95.88	95.89	95.90	95.91	95.92	95.93	95.94	95.95	95.96	95.97	95.98	95.99	96.00	96.01	96.02	96.03	96.04	96.05	96.06	96.07	96.08	96.09	96.10	96.11	96.12	96.13	96.14	96.15	96.16	96.17	96.18	96.19	96.20	96.21	96.22	96.23	96.24	96.25	96.26	96



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[illegible]



<p><b>Norwich Union Life Assurance Soc.-Contd.</b></p> <table> <tr><th>Policy</th><th>Rate</th><th>Rate</th><th>Rate</th></tr> <tr><td>1000</td><td>1000</td><td>1000</td><td>1000</td></tr> <tr><td>2000</td><td>2000</td><td>2000</td><td>2000</td></tr> <tr><td>3000</td><td>3000</td><td>3000</td><td>3000</td></tr> <tr><td>4000</td><td>4000</td><td>4000</td><td>4000</td></tr> <tr><td>5000</td><td>5000</td><td>5000</td><td>5000</td></tr> <tr><td>6000</td><td>6000</td><td>6000</td><td>6000</td></tr> <tr><td>7000</td><td>7000</td><td>7000</td><td>7000</td></tr> <tr><td>8000</td><td>8000</td><td>8000</td><td>8000</td></tr> <tr><td>9000</td><td>9000</td><td>9000</td><td>9000</td></tr> <tr><td>10000</td><td>10000</td><td>10000</td><td>10000</td></tr> 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● Current Unit Trust prices are available on FT Cityline. Calls charged at 35p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (021) 925-2128

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## WORLD STOCK MARKETS

## AMERICA

## Dow unsettled by purchasing report

## Wall Street

US STOCKS edged lower yesterday morning in fairly quiet trading, writes Karen Zager in New York.

At 1 pm, the Dow Jones Industrial Average was down 6.26 at 3,352.86 in unexceptional volume of about 110m shares. Declining issues led advancing by a ratio of 8 to 7. Among other market indices, the broadly-based Standard & Poor's 500 was off 0.78 at 414.17 at 12.30 pm while the Nasdaq composite rose 0.80 to 579.25. On Thursday, the Dow advanced 25.94 to 3,359.12.

There was some uneasiness

following an unexpectedly weak purchasing manager's index report for April which fell to 51.9 per cent from 54.1 per cent in March. The market had expected the April index to advance to about 55 per cent.

Shares in Chrysler continued to lose ground in the wake of the company's unsatisfactory first quarter results. At mid-session the stock was quoted at \$18.75, down 1%, after falling \$1 a day earlier.

Ford lost 1/4% to \$44, after sliding 1/2% on Thursday and General Motors eased 1/4% to \$41.40, on top of its previous 1/4% decline.

In the pharmaceutical sector, Glaxo Holdings' American

depository receipts fell 1/4% to \$25. The stock advanced 1/4% on Thursday on news that the oral form of the company's migraine drug had received UK regulatory approval. Among other drug company issues, Merck slid 1/4% to \$14.35, American Home Products fell 1/4% to \$78 and Pfizer lost 1/4% to \$71.

The sell-off in insurance issues continued for a second day with General Re, the biggest US reinsurer group, sliding 1/4% to \$79.50, Cigna losing 1/4% to \$51. Travelers fell 1/4% to \$20.40, and Aetna down 1/4% to \$42.40.

Only American International Group backed the trend,

adding 1/4% to \$84.50. AIG's strong first quarter profits were overshadowed by General Re's warning that its underwriting results would probably be disappointing for the remainder of the year.

The riots in Los Angeles had no discernible impact on Wall Street. Among entertainment company stocks, Walt Disney firmed 1/4% to \$147.40 after PaineWebber upgraded its rating on the issue. Paramount Communications slipped 1/4% to \$45.10 in thin trading.

In the secondary market, Western Capital Investment soared 1/4% to \$13.10 on news that the Colorado-based Savings & Loan had agreed to

be acquired by First Bank System for \$160m. On the big board, First Bank fell 1/4% to \$65.

Trading was also active in Synergen, which climbed 1/4% to \$39 after the biotech company posted a first quarter loss of 2 cents a share against 14 cents a year earlier.

## Canada

TORONTO stocks were mostly higher at midday. The TSE-300 composite index added 4.16 to 3,359.72 in volume of 13.1m shares. Among most active issues, Nova Corp was off 1/4% at \$2.25 and Toronto-Dominion Bank rose 1/4% to \$51.60.

## Politically rudderless, Milan remains afloat

Haig Simonian casts an eye over a lethargic bourse marking time until the Italian presidential election

IN a country without a head of state, prime minister or government, probably the biggest surprise is that the Milan bourse has not gone into freefall.

This achievement, however, must be seen against a background of painfully thin trading, which has made equity business for all but the biggest of the new-style Società di Intermediazione Mobiliare (Sim) highly unprofitable. Substantial fixed costs have only been covered thanks to record trading volumes on the fixed-income side for those Sims which are also active in government bonds. But for brokers focused on equities, it has been another story.

The April 5 general election, which showed a sharp drop in support for Italy's established parties, has created a period of political uncertainty as party leaders scramble to consider possible new alliances.

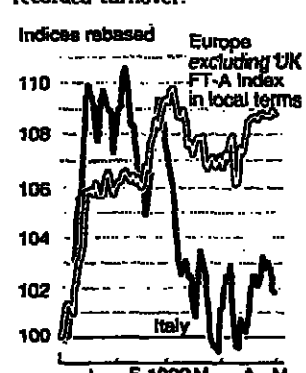
But last week's surprise resignation of President Francesco Cossiga has led the country into uncharted territory. A new president is to be elected on May 13. Once in office, the new head of state will have to nominate a prime minister, who will try to form a government in a parliament in which 16 parties are represented.

The stock market is therefore marking time. Daily volume has sometimes fallen below \$500m (\$400m), and the only interest has tended to come from the few foreigners still willing to take a punt on Italian stocks.

The Sims have been suffering. With over half their budgets allocated to staff costs, even brokers with a sizeable market share are unable to make money. Some blame the market's lethargy on more than just short-term political difficulties.

Mr Giovanni Borghi, managing director of Interinvest, the Milan savings bank, and 25

smaller savings institutions, points to last year's introduction of capital gains tax. This triggered a drop in trading volumes, despite the arrival this year of new rules limiting the possibilities for off-floor trading, which should have led to a substantial increase in recorded turnover.



Source: Datastream

"The tax dampened speculation between operators on the floor, who traded partly on rumours," says Mr Borghi. "Its introduction has had a much bigger role than many expected."

Poor corporate profits have also depressed the market. Higher dividends this week from Italgas, the fast-expanding gas and water group, and Eridania, Ferruzzi's agro-industrial subsidiary, were welcome exceptions. But within hours of their figures, Marzotto, Italy's biggest textiles and clothing company which last year bought control of Hugo Boss in Germany, announced a cut in its dividend because of current difficulties in the sector.

Not surprisingly, brokers have been looking for scapegoats. The most popular has been Consob, the stock market watchdog. As part of Italy's stock market reforms, it set rules last year for off-floor trading large blocks of shares. The block market has seen some huge transactions in recent weeks, just as business on the floor has languished.

Moreover, some deals have been executed at prices much higher than those prevailing on the bourse.

The most striking example involved Alenia, the state-controlled aerospace group. About 1.1m of its shares changed hands at L3,169 - some 50 per cent above the market price. Other controversial block transactions have involved Euromobiliare, the merchant bank whose majority shareholder is Midland Bank of the UK, and the newly-quoted San Paolo di Torino. Though in line with market prices, the San Paolo deal amounted to around L105bn - more than total turnover on the floor that day.

Dealers ascribe the higher prices to inter-company transactions, probably for tax purposes or to avoid a write-down on the balance sheet.

Such use of the block market has angered brokers, and has led to calls for the minimum size of transactions which can be done off the floor to be raised.

Consob has promised to look into the matter. But in response to the criticism, it points out that the instances of large blocks of shares changing hands at above market prices have been limited.

In some cases, it adds, the price difference had been within 10 per cent of that quoted on the bourse. And in other examples, the deals had taken place "for motives not linked to normal trading" on the securities market, and had only been made public because they had taken place via a Sim. Activity on the floor has been limited to Italy's biggest companies. Shares associated with Mr Carlo De Benedetti went on a two-day roller-coaster ride after he was sentenced to over six years in jail for his alleged role in the Banco Ambrosiano collapse, but have since recovered. And Pirelli's stock has been bought by investors who believe that, having fallen so heavily, it now has only one way to go.

## ASIA PACIFIC

## HK at record high as Nikkei weakens

ARBITRAGE and index-related selling weighed on the Nikkei average, which closed marginally lower in light trading, writes Emiko Terazono in Tokyo.

The 225-issue average fell 87.32 to 17,303.39, down 1.36 per cent on the week, after moving within a narrow range of 17,273.38 and 17,453.73. Volume rose slightly from 220m shares to 230m.

Advances led declines by 537 to 427 with 132 issues remaining unchanged. The Topix index of all first section stocks lost 4.05 to 1,313.41. In London the ISE/Nikkei 50 index rose 1.67 to 1,065.96.

Trading centred on short-term activity by dealers, while share prices also fluctuated on light arbitrage-related activity prompted by a weak futures market. Institutional investors remained cautious, with figures for housing starts ahead of the long weekend. The market will be closed on Monday and Tuesday.

Some market participants are hopeful that the market will turn up after the Golden Week holidays. An official at Nippon Life, the leading life insurer, said the downside was limited and there could be a slight increase in volume. However, the spate of corporate earnings announcements in the middle of this month could depress senti-

ment. NEC, the electronics company, fell ¥40 to ¥1,000 after reports that it would announce its second downward earnings revision for the fiscal year ended March. Other electronic blue chip issues were also lower, with Hitachi down ¥11 to ¥839 and Matsushita Electric Industrial retreating ¥30 to ¥1,410.

Dealers sought speculative favourites. Bio-technology related issues firmed, with Okamoto up ¥40 to ¥1,210 and Morinaga Milk adding ¥14 to ¥784. Plant engineering companies were up on reports of an increase in projects in south-east Asia. Chiyoda rose ¥90 to ¥1,570 and JGC added ¥70 to ¥1,530.

Housing companies advanced as some investors were encouraged by the slowing decline in housing starts figures. Housing starts for March fell only 2.3 per cent from the same month last year, adding to hopes that the residential property market was close to touching the bottom. Taisei Prefab Construction added ¥80 to ¥2,340 and National House Industrial rose ¥30 to ¥1,700.

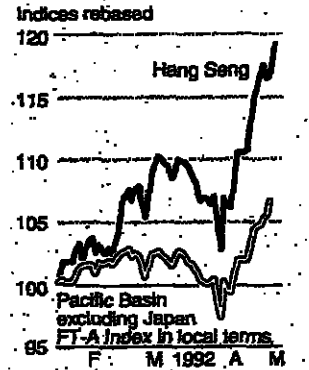
In Osaka, the OSE average firmed 40.08 to 19,946.64 in volume of 12.6m shares. Small-cap buying by foreign investors and investment trust funds

supported the index. Short-term trading lifted Shimano, the bicycle maker, by ¥70 to ¥1,370.

## Roundup

HONG KONG recorded an all-time high while other Pacific Rim markets were mixed. Singapore, Kuala Lumpur, Bangkok and Manila were closed.

HONG KONG rose over 2 per cent ahead of half-point cut in interest rates which was



Source: Datastream

announced after the market had closed. The Hang Seng index closed up 114.64 at 5,494.21 for a 2.8 per cent rise since the start of the year. Turnover was HK\$3.56bn from HK\$2.78bn. Comments by a Chinese offi-

cial that the country's economic reforms will continue also improved sentiment. Commercial and industrial stocks led the day's gains, followed by property shares.

Hutchinson and Cheung Kong both rose 80 cents to HK\$17.40 and HK\$23.40 respectively. Among the banks HSBC put on HK\$1.06 to HK\$41.50 while Hang Seng Bank improved HK\$1 to HK\$43.25.

AUSTRIA continued to advance. The All Ordinaries index finished up 9.3 at 1,665.2, a 3.4 per cent rise on the week.

Turnover was AS\$270m. Among blue chips showing gains, News Corp rose 36 cents to AS\$19.58 and BTR Nyllex gained 11 cents to AS\$2.78.

Banks remained strong: National Australia Bank rose 8 cents to AS\$7.78, the Commonwealth Bank up 4 cents at HK\$7.80 and ANZ gained 4 cents to AS\$4.48.

Coles Myer rose 8 cents to AS\$12.48 following an analysts' meeting earlier in the week.

NEW ZEALAND was weaker as Telecom came under pressure. The NZSE-40 index fell 3.44 to 1,460.60 for a gain of 0.36 per cent on the week. Turnover was NZ\$81.6m.

Telecom closed down 5 cents to NZ\$1.26, the last time it has closed below NZ\$2 since its privatisation last July. Fletcher Challenge contin-

ued to perform well, gaining 3 cents to NZ\$3.50.

Fay Richwhite eased 5 cents to NZ\$1.26, the last time it has closed below NZ\$1.20 earlier this year.

Independent Newspapers, in which News Corp of Australia has a 49 per cent stake, advanced 5 cents to NZ\$2.70. Brierley Investments closed 1 cent stronger at 96 cents.

Resources stocks were not as strong: BHP rose 2 cents to AS\$14.20 while CRA fell 4 cents to AS\$14.34.

SEOL rose on buying of large-capitalisation shares. The composite index gained 4.40 to 620.37, up 4.1 per cent on the week.

Turnover was Won\$46.5bn from Won\$41.1bn. Hyundai Motor rose Won\$90 to Won\$19,200 while Hyundai Precision & Industries closed Won\$80 higher at Won\$1,100.

TAIWAN was stronger. The weighted index added 48.99 to 7,645.18, for a gain of 1.45 per cent over the week. Turnover was T\$19.3bn from T\$15.5bn.

The paper sector led the rise, followed by textile, financial, food and cement shares.

Taiwan Cement rose 50 cents to T\$268.50. Hua Nan Commercial Bank climbed T\$1 to T\$103 and President Enterprises rose T\$1 to T\$51.50.

## Bombay fears fresh share slide

By R C Murthy in Bombay

AUTHORITIES at the Bombay Stock Exchange (BSE) fear a renewed slide in share prices as investors liquidate holdings ahead of Mangalore Refinery's offering of Rs1.5bn worth of convertible bonds, the largest ever. Several rights issues are also expected during the next few weeks.

The BSE recovered 213.31 to 3,887.72 on Thursday after plunging 17.7 per cent in two days to an eight-week low of 3,674.60 on Wednesday. The market was closed yesterday.

The market has been unsettled by a strike by brokers to protest against new registration requirements and by a scandal in the gilt-edged Kei. Brokers have since returned to work, in the hope that the government will resolve the issue by May 21, the deadline laid down by the Securities and Exchange Board of India, requiring BSE brokers to register with it.

## EUROPE

## Foreigners seek Royal Dutch

MOST continental bourses were closed yesterday for the May Day holiday, writes Our Markets Staff.

AMSTERDAM saw strong foreign interest in Royal Dutch while other blue chips were weaker. The CBS Tendency index closed up 0.2 at 128.8 for a 0.15 per cent rise on the week.

Royal Dutch advanced Ft 1.50 to Ft 154.50, off the day's high of Ft 155.80 following a strong rise in US oil stocks overnight. Although the group released disappointing first quarter results from its US division during the day, some analysts said that sentiment remained positive on an upturn in demand during the second quarter.

Heavy UK institutional buying was also noted in KLM and DAF although both closed lower. KLM shed 30 cents to Ft 37.80 and DAF lost 10 cents to Ft 34.

Akzo, ex dividend, remained in demand following Wednesday's good first quarter figures. It closed a net Ft 2.90 higher at Ft 188.90.

## FT-SE Eurotrack 100 - May 1

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	Close
1174.65	1175.11	1174.49	1175.42	1175.37	1175.30	1175.39	1175.00
Day's High 1175.78 Day's Low 1174.24							
Apr 30	Apr 29	Apr 28	Apr 27	Apr 26	Apr 25	Apr 24	
1174.96	1174.59	1169.61	1169.59	1167.02			

Base value 1000 (20/1/1988)

COPENHAGEN was dominated by Høfda which rose strongly after its board of directors said it would now support the rescue package proposed by a group of Danish shareholders dissatisfied with an offer from the Swedish insurer, Skandia. The all-share index rose 0.37 to 330.03, down 1.2 per cent on the week.

Høfda's B shares rose DKr30 to DKr350 on turnover of 35,000 shares while the thinly traded A shares jumped SKr42 to SKr235. Its rival, Bactica, in which Høfda has a stake of more than 33 per cent, rose DKr15 to DKr35.

Sophus Berendsen, whose UK Rentokil has been gaining ground, rose DKr40 to DKr1,900.

## LONDON SHARE SERVICE

## BRITISH FUNDS

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## LONDON SHARE SERVICE

## AMERICANS

Company	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594
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## INVESTMENT TRUSTS - Cont.

Notes	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	5
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## England's knight of the square table



**When Nigel Short beat former world champion Anatoly Karpov in the world chess semi-final this week Dominic Lawson was in his corner**

**F**IVE minutes before Nigel Short's decisive final game of his match against the former world champion Anatoly Karpov, I was sitting with him and his second, the Czech-born Grandmaster Lubosh Kavalek. My own stomach was aching with tension — and I was not the one about to face destiny or despair against a Russian with a mace for a brain. The world now knows that Short was, to clinch the world championship, a much more than a chess player. He was a man who could play a game of four. This put him within one match of meeting Garry Kasparov for the world title. But at the time Short was only too well aware that a win for Karpov in the last game would have tied the match and forced a speed chess playoff — the chess equivalent of the penalty shoot-out.

Short had his own way of coping with the tension: he grabbed his much-travelled guitar and began playing a punk song: "I don't care." When he stopped, Kavalek said: "OK. Good. Now you must have pity." I agreed with Kavalek that Nigel did need to have a moment of peace before the most important game of his life. "No, not peace, pity," said Short's trainer. He was simply trying to make sure that his charge did not waste time emptying his bladder during the game.

In fact this routine was unvarying before every game. Similarly Kavalek — who was Bobby Fischer's second in the 1972 match against Boris Spassky — always woke Nigel at 11.30am — and the

three of us would take the same walk around the town of Linares singing the same song: "Mad Dogs and Englishmen go out in the midday sun." Then we would eat lunch at exactly 1.30pm in the same restaurant, and Nigel would order the same dishes every day. Dinner would also be governed by routine. The point, as Short explained, was this: if every aspect of normal life is deliberately made mind-numbingly predictable then all thought and capacity to absorb stress is devoted to chess, and Nigel could sit down at the board against Karpov with the maximum of mental energy.

This all sounds very rational, but routine is closely linked to superstition, and in my experience superstition is endemic among chess grandmasters. Nigel's took relatively mild forms: certain tables in restaurants were thought to be lucky, because we had sat at them before a victory. Karpov's superstition amounted almost to a disease: he did not like to play on a Monday; he would not wash his hair unless he lost a game — fortunately he lost quite a lot in the match. And for the final game Karpov wore an immaculate blue suit that he only wears during particularly vital games. He calls it his "executioner's suit", according to his great rival, the world champion Garry Kasparov.

Nigel's biggest concession to irrationality was, on our walks, to enter the main Catholic church in Linares, and, in spite of his professed atheism, to offer up a prayer

This is not to say that Nigel's success is all about hard work. He is a chess genius, as we all suspected when at 12 he beat a former 12-times British champion, Jonathan Penrose. But last week he has proved what we also know from other sporting champions: that genius without discipline is only an elegant way of finishing second.

**Dominic Lawson is editor of The Spectator**

### Leonard Barden and David Spanier chart the rise of England's king

**T**HE appeal of chess is as much physical as cerebral. It is a game of emotion, face to face, an outlet for aggression, which briefly satisfies winners but can totally unnerve and exhaust losers. Chess as a kind of mathematical struggle, a formalised and ritual logic, is an illusion.

Nigel Short sees chess as a violent, often painful battle of egos. Short used to have a detached technical view of the game but that altered with exposure to the bruising personality war among top grandmasters.

Anatoly Karpov, who Short beat in Linares, held the title for 10 years from 1975-85, between the abdication of the eccentric American Bobby Fischer and the crowning of the present champion, Garry Kasparov. He had never lost a match except for his epic with Kasparov. Short demolished him, in spite of losing the first game when Karpov contemptuously refused the Briton's carefully prepared gambit. Short attributed his success to keeping calm and not rushing his response. Instead he adopted the same Fabian tactics which Kasparov had used against Karpov in the Moscow winter of 1984-5, grinding out a series of marathon endings. Karpov is 40, his stamina suspect, and it showed in game six when he gave away his queen, the worst blunder of his career.

Short has already campaigned for the world title for almost a decade. Twice previously he was eliminated in earlier rounds, but this time he has survived a qualification tournament in Manila, plus elimination matches in London and Brussels. He now meets Jan Timman of the Netherlands, the other finalist to emerge from the candidates

matches. Their series, inevitably at Linares, will determine who becomes the first Westerner since Fischer to challenge for the title. Garry Kasparov's title defence will be staged in Los Angeles in August 1993.

The revival of British chess is a phenomenon which in any outdoor sport would have attracted banner headlines. It began in 1978 when two English players, Tony Miles and Raymond Keene, achieved the grandmaster title, which guarantees entry and an appearance fee for top events. The GM title has since been diminished by inflation, but at the time it implied performing well against the top Soviets. Miles is still competing around the world, while Keene is a prolific writer on the game — his latest book, appropriately, is *Nigel Short World Chess Challenger* (Batsford £10.99).

Grandmasters need to be competitive sportsmen who can also absorb a vast bank of knowledge of opening moves and strategies. The state-supported Russians had full-time coaches, specialist journals and card indexes on potential rivals. In the 1970s Batsford and Pergamon began to publish books with new analysis while former British champion Bob Wade built a research library at his Blackheath home which proved a match for the analysts in Moscow's Central Chess Club on Gogolevsky Boulevard.

The global chess boom after the

Fischer-Spassky match, together with Britain's early successes, inspired a talented generation of teenagers. In the 1980s the Russians had given their rising stars special coaching, games against visiting champions, and early opportunities. The British Chess Federation decided to follow suit, and to start still younger at primary age. Teams of children competed in weekend congresses and played as an England junior squad against the Soviets who visited the annual Hastings congress. The significant year was 1976 when Viktor Korchnoi, then the world No 2, met a team of 30 boys and girls at a school in Islington. Eight of them later became GMs or masters, but after a six-hour battle Korchnoi lost just one game, to his youngest opponent, Nigel Short. The BCF published world age ratings showing Short as the world's best 10-year-old; the corresponding list for age 12 had at the top the Soviet junior champion, Garry Kasparov.

The Russians have always been good at chess. Its popularity goes back 1,000 years in Russian culture, and before the Revolution the great tournament of St Petersburg 1914 was held under court patronage. Both Marx and Lenin were enthusiastic though very amateurish players. One of Lenin's aides was Nikolai Krylenko, who believed chess could be a cheap character-building influence in the revolutionary struggle.

The result was official encouragement and state funding for chess at all levels of society. World champions Emanuel Lasker, José Capablanca and Max Euwe visited the USSR, competed in great tournaments at Moscow and Leningrad, but had to struggle against massed teams of schoolboys. Capablanca was persuaded to visit Leningrad on his free day at the Moscow 1925 tournament, and lost to the city's star junior Mikhail Botvinnik, 14. Next day, back in Moscow, the exhausted Capa lost to his Soviet opponent. Chess gamesmanship is an ancient art.

In 1948, Botvinnik himself became world champion, the leader of what propagandists called the Soviet school of chess which has since dominated international play ever since with a brief interruption by Bobby Fischer. The USSR Chess Federation received a generous budget from the sports authorities and grandmasters were among the elite permitted overseas travel.

Compared with this, the UK chess boom of the 1970s operated on a shoestring. Yet while better financed sports failed to produce a home-grown champion, chess discovered an entire generation. There was basic state support for some overseas travel, but the seed money came from Jim Slater and Loyds Bank. Slater, the financier, added £50,000 to the 1973 world title prize fund which persuaded Fischer to play Spassky. Then he offered £15,000 for the first five British

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### The Long View/Barry Riley

## Cheques and balances



THIS IS no time to be a banker. Humble clerks are kept awake at night with fears of redundancy, and there is no security at the top either after this week's stepping aside by Sir John Quinton at Barclays, only one of the Big Four's chief executives has been in place for more than a year, and none appears to have gone exactly to schedule. The survivor is, of course, Lloyd's Brian Pittman, the main driving force behind his bank's controversial bid for Midland.

One statistic is relevant here: in March, bank and building society lending actually fell (by some £50m), the first time this has happened for many years. Bank customers in aggregate actually repaid part of the principal, as well as stumping up the interest.

It is difficult to exaggerate how shattering this experience of contraction is to the banking industry. Rapid growth rates have been the experience for many years. Manufacturing industry may have suffered recessions, but this never seemed to apply to the banking sector. In difficult times inflation came to the rescue. Look at M4, not a motorway to Wales but the broad definition of the quantity of money, which includes bank and building society deposits. Money is the banks' raw material and it has grown in quantity from £97bn at the start of 1980 to £510bn.

Until about 1985 the government was attempting half-heartedly to control monetary growth but then it more or less gave up the struggle. The banking industry boomed, and the annual growth rate of M4 rose from 14 per cent in 1984 to 19 per cent at the beginning of 1990. On the other side of the balance sheet, lending was bounding ahead. At the start of 1990 the outstanding volume of house purchase loans was £45bn, but now it is over £220bn: an annual growth rate of 18 per cent.

By 1990 interest rates had reached 15 per cent and the government was forced to trigger a recession in order to pre-

vent inflation running riot. The year-on-year M4 growth rate has plummeted to 5.6 per cent and may still be falling (building societies suffered an outflow of funds of £172m in March); the real terms growth is therefore just about nil, which is why monetarists are so pessimistic about the prospects for economic recovery, and bankers are getting into such a mess.

The demand for money was high in the 1980s because the real cost of borrowing appeared to be so low. This real cost was best measured not in terms of retail prices but of asset prices: the prices of shares (until 1987) and houses (until 1989) went up far faster than the interest accumulated on borrowings. The final surge of borrowing was in 1989 and 1990 by acquisitive companies, which thought that the value of properties and businesses would continue to climb indefinitely. Huge bad debts have subsequently been incurred by the banks on this final phase of the lending boom. Bad debt provisions in aggregate by the Big Four clearers were £5.5bn for 1991, and this week a County NatWest study suggested there could be up to another £4bn of clearing bank provisions still to come against property debts alone.

Now the real cost of borrowing has become very high. Asset prices are unexciting: true, share prices hit an all-time peak this week, but the growth in the All-Share Index over the past year has only been about 6 per cent, not enough to make borrowing to buy shares worthwhile, and property prices are still falling.

Will the banks and building societies manage their contraction any better than they managed their expansion? There are grave risks of a further decline in the quality as well as the quantity of their loans. We are seeing creditworthy companies paying off bank borrowings through equity and bond issues. But the troubled corporate customers will remain in debt, and interest is rolling up at 12 to 15 per cent

a year. Home owners are paying off their mortgages where they can, but those in difficulties are caught in a trap from which there is no escape. People have been scared, and for many years home buyers are likely to take out the smallest mortgage they can get away with rather than the biggest loan they can afford.

The instinct of the squeezed lenders is to raise their margins to cover the bad debts. The good borrowers will pay for the bad. We heard a lot of squeals from the small business sector last year as this increase in rates and charges was put into effect. Not only is a shift perceived to be unfair, but there is a further encouragement for sound customers to seek other forms of financing. Foreign banks may find lucrative opportunities to cream off the good quality business — although fortunately for the British banks a lot of the once-powerful overseas competitors have their own problems. Not so Hong Kong and Shanghai Banking Corporation, however.

The Hongkong Bank's intervention represents a serious threat to the other clearers. They had hoped that Midland, as financially the weakest of the Big Four, would be forced to bear the greatest burden of the industry's retrenchment. But Midland could be shored up by Far East money. Any recovery in the pathetic returns on shareholders' capital in the British banking industry could be postponed, and the other clearers could be forced to shrink more drastically instead. No wonder Lloyd's felt obliged to adopt desperate tactics by launching (well, almost launching) the first contested takeover bid for an English High Street bank.

Doubtless the public — especially those noisy small businessmen — will celebrate the prospect of Lloyd's being beaten off by the Monopolies Commission. But shareholders and staff of the other banks should worry. There is no M4 escape route any more.

**Serious Money: Page II**

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## FINANCE AND THE FAMILY

## Filling in your tax return? Here's the form

The yearly chore of Revenue form-filling is here again. Scheherazade Daneshkhu provides a user-friendly guide

**I**F YOU have not yet received a tax return from the Inland Revenue, you are unlikely to get it now. Those who have must find time to fill in their return for 1991-92, which covers income for the year ended April 5 1992.

It should be sent back within 30 days, although in practice the Inland Revenue will not levy penalties unless the form is still not returned by October 31.

Those who have received a form will usually either be self-employed or have earnings from sources other than their full-time employment. Sometimes the Revenue sends a tax return form - usually a blue P1 form - to employees to check that their circumstances have not changed. Otherwise, most employees will receive a brown P11 form and those who have their own business a blue P11 form. Partnerships will receive a pink form L.

Several key issues need to be addressed:

**Do you need an accountant?** Employees: If you are employed with a salary of up to £50,000 and receive few benefits, you probably do not need help in filling in the form, unless you are very busy and know that you will never get around to it.

However, if you are a high earner with many perks it may be worth getting professional help, according to Jennifer Ainsworth, tax partner at Moores Rowland chartered accountants and president-elect of the Institute of Taxation. In such circumstances, Ainsworth says there is more room for technical error and for the Inland Revenue itself to make mistakes.

Perks include a company car, private medical insurance, payment in the form of gold bullion, or part payment through incentive schemes such as holidays or clothes. Your employer will have to fill in a P11D form detailing benefits paid to you but you must also list these benefits in your own form.

Those with a lot of investment income will also need advice.

An alternative to employing an accountant full time is to make a one-off visit. For a fee, the accountant should check that you have filled in the form correctly and should spot whether you are missing out on any entitlements.

**Self-employed:** The self-employed will almost certainly need an accountant. The self-employed generally have two sets of tax returns to file - their personal tax return and that of the business. These may be

at different times of the year, depending on the date chosen to make up the business accounts.

Businesses with an annual turnover of £15,000 or more have to produce accounts to the Revenue. Those who have a part-time business, such as consultancy, will find it worthwhile to have an accountant in order to establish allowable expenses.

The type of accountant you need depends on the complexity of your accounts. Large City firms may be highly competent but will be expensive for those with relatively straightforward needs.

Steven Coleman, of the Institute of Chartered Accountants, suggests finding an accountant from one of its 22 district societies. Call the ICA on 071-606-7060 and ask for the telephone number of the district society nearest you. Select two or three firms in your area and "see them all," says Coleman. "Ask what they are going to charge, how quick they will be in dealing with your accounts and see if you like them."

The Institute of Taxation on 071-235-9381 will also give details of tax advisers in your area. Accountants' fees vary widely according to the firm's size and location. Fees start at about £20 to £25 an hour for country practitioners and go up to about £100 an hour or more in the City.

**Filing in the form** Peter Wyman, tax partner of Coopers Deloitte and chairman of the Tax Faculty of the Institute of Chartered Accountants, says there are two main problems. The first is that many people do not claim their full entitlements; the other is that "people leave things out, usually innocently. For example, they forget about a building society account. The Revenue picks it up and asks them to review their return."

If their memory is not jogged, the Revenue can take a harder line, assuming that you have other sources of income similarly left undeclared. The following points should be borne in mind:

**Review the form upon completion** to check that everything necessary has been declared. Taxpayers are obliged to give the Revenue as much information as necessary for it to judge how much tax they should be charged.

Ainsworth says that sometimes employees fail to list the benefits given to them by their company. They insert instead "as returned by the company" (in the P11D), but this answer risks incurring a penalty because you must list the benefits

you are receiving in your own form. Ask your company for a copy of the P11D which it will be returning to the Revenue.

**Only list details of income for the tax year from April 6 1991 to April 5 1992.**

**Claim all the reliefs and allowances to which you are entitled.** Do not rely on the Revenue to have the information.

**Check your tax assessment for the previous year and if you want to challenge it, write stating your reason and the amount of tax in dispute within 30 days of the date stated.**

**Employment income.** List all your sources of income, regardless of whether tax has already been paid on it or if it seems too small to be taxable. Keep a file containing dividend counterfoils, monthly pay slips and the P60 form your employer sends you listing your total income for the tax year and the amount of tax paid. Benefits in kind must be listed separately from total income.

**Investment income.** If you do not receive bank statements or do not have the time to add up interest earned during the tax year, your bank or building society will do this for you and may send you a certificate stating the amount of interest earned during the year. Most current accounts are interest-bearing and this will also have to be declared.

**Ainsworth points out that for 1991/92 onwards you can reclaim the tax deducted on bank and building society interest if you are entitled to gross interest or if the tax was overpaid. Previously, this interest was subject to composite rate tax which was non-refundable.**

**If you are a non-taxpayer and have not already registered as such, ask your bank or building society for form R85 which will allow interest to be paid at gross rates.**

**Tessas do not have to be declared unless they have been closed, in which case the interest is taxable and should be recorded.**

**List the dividends from shares or unit trusts received during the tax year - if you have kept the vouchers, this will be simple. It can sometimes be difficult to understand whether the figures quoted on some unit trust vouchers are gross or net of tax. Wyman suggests calling the broker or going back to the registrar of the unit trusts to check.**

**Pensions.** Pension income is taxable and should be declared. Details

will be on the P60. Certain state benefits, such as unemployment benefit and the old age pension, are also subject to tax and must be declared.

**If you have a personal pension plan you will be entitled to tax relief at your highest rate, on contributions. Ask the company for the personal pension contribution certificate and send this to the Revenue, or enclose the contribution receipt issued to you by the company.**

**Similarly, higher rate taxpayers making free-standing additional voluntary contributions to their company pension can get tax relief on these by filling in the details on the form and enclosing either the contribution receipt or the voluntary contributions certificate.**

**Property income.** This can be complicated. If you are letting a house and have expenses relating to its upkeep, you and the Revenue might disagree about what is an expense and what is an improvement. For example, you might repair the window frames and put in double glazing at the same time - the Revenue might challenge you on the double glazing.

**Expenses in employment.** These are defined by the Revenue as

"expenses you had to pay which arose wholly, exclusively and necessarily in carrying out your work." In practice, "it is hard to think of expenses for your work that are not paid by your employer," says Wyman.

However, if there is a work-related expense which you think you are forced to incur and for which your employer will not reimburse you, you might as well claim it and see what the Revenue says.

**Loans.** Basic rate tax relief is obtainable on mortgage interest on loans, subject to a ceiling of £30,000. The Revenue will obtain details of the loan from building societies but if the mortgage is from a bank, you should ask it to give you the details (Form MIRAS 5) and send this to the tax office.

Ainsworth reminds those who have made a loan, for example, to a business, that they may be entitled to higher rate relief on it. To claim the relief, obtain a certificate from the company you made the loan to and send it to the Revenue, stating what the loan was for.

**Capital Gains.** You have to list details of disposals of assets liable to CGT, such as property (other than your main home) and shares. Wyman says many people forget that they can list expenses related to the sale, such as stamp duty and commission.

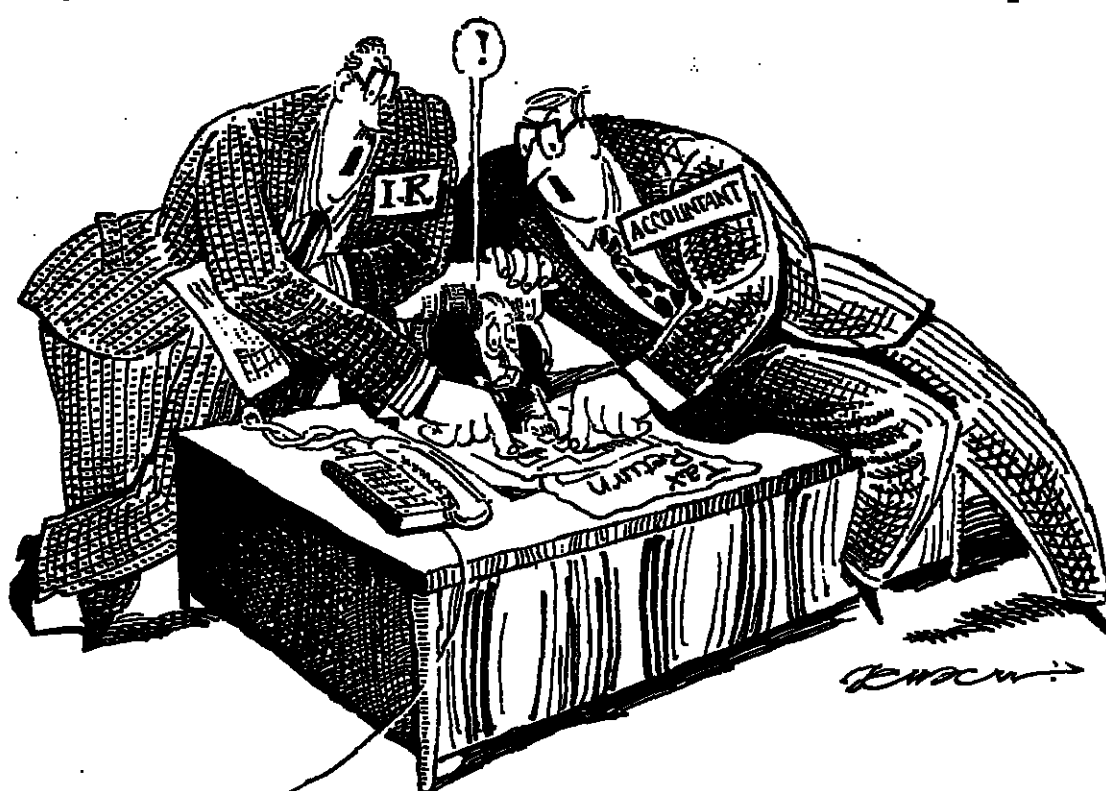
However, if your total chargeable gains for the last tax year do not exceed the CGT ceiling of £2,500 (and the total proceeds are not more than £11,000), you can simply write, "Gains not exceeding £2,500 and disposals not exceeding £11,000." If you have sold a second home you are entitled to deduct improvement expenses from your gains, as long as you have not already had income tax relief on these. You are also entitled to indexation - you can get the Revenue to work out your indexation allowance simply by writing "indexation?" as a claim.

**Married couples.** Make sure you make full use of both personal allowances. Minors paying higher rate tax by using both lower-rate tax bands.

Norman Lamont's Budget measure regarding the transferability of the married couple's allowance will not come into force until 1993. However, if a married man's income is less than the married couple's allowance, the unused part can be transferred to his wife.

Finally, remember to photocopy the return before sending it off.

Andrew Jack



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**TAXPAYERS CAN** expect simpler and more colourful forms from next year to ease the burden of calculating how much they owe the Revenue.

The language will be simpler and clearer, the instructions more helpful, and the lay-out designed to help people fill in the blanks with figures as painlessly as possible.

The basic personal tax return forms - P11, 11 (for the self-employed) and P1 (the simplified return) - are likely to be ready by the next tax year, in April 1993. Four others, including one for mortgage relief, are already coming into use.

The Revenue launched a programme in spring last year with help from Wolf Ollins, the design consultancy firm, to review more than 700 different forms it produces, including tax forms, instructions and advice slips.

Bernie Hepplewhite, head of the Revenue's corporate communications office, says the main reason for the change is to help taxpayers by making the completion of their returns "as unobtrusive as possible". In addition, it will help save costs and make life easier for Revenue staff.

"There used to be a belief in the old bureaucratic tradition of the Civil Service that if people filled out the forms incorrectly, they were 'daft'," he says. "Now we realise it's more likely that it's the forms that are 'daft'."

He stresses that the Revenue has re-designed its documents on a less ambitious scale several times and has won Plain English awards for leaflets and forms.

The new forms use more colour (orange and blue on white in the latest prototypes) to make them look brighter and more up-to-date. They are laid out in vertical columns, to provide a logical flow of information.

The language has been simplified, the volume of notes on the form increased, and the questions follow a consistent sequence across the different forms.

Andrew Jack

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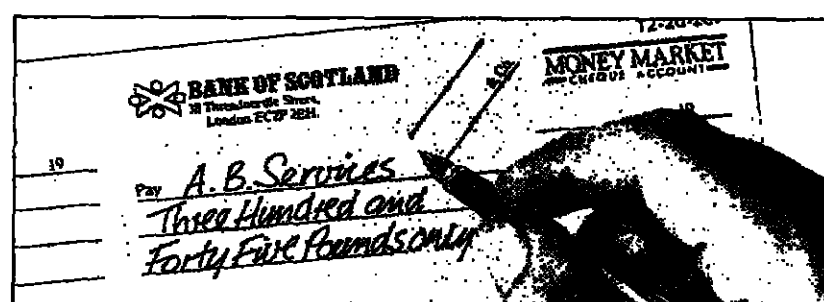
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- Interest rates are variable and are published daily in the Financial Times and on Prestel, Page 3953113
- Available throughout the UK
- No need to have another account with us
- Interest is calculated daily and either applied monthly to your account or credited to any bank account in the UK
- The first nine debits per quarter are free of charge; thereafter a charge of £1 per debit will apply
- Money Market Cheque Account is available through Home and Office Banking (HOBBS®), another leading service from Bank of Scotland.

(Tick box for details).

To Bank of Scotland, FREEPOST, 38 Threadneedle Street, London EC2B 2BB.

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- To keep you informed of other services which may be of interest to you, provided we have your consent to do so.
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\* I/We wish to be kept informed of other services which you consider may be of interest to \* me/us. (Tick box if requested.)

\* My/Our bank(s) are \_\_\_\_\_ Bank

Branch \_\_\_\_\_ Sort Code \_\_\_\_\_

\* Please apply interest to \* my/our Money Market Cheque Account.

\* Please credit interest to \* my/our account no.

Full Name(s) \_\_\_\_\_

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**BANK OF SCOTLAND**  
A FRIEND FOR LIFE



## FINANCE AND THE FAMILY

## Make the most of National Savings

Philip Coggan suggests ways of getting an income from the government's tax-free products

ANY private investors must have considered the tax advantages and attractive returns offered by National Savings certificates.

The snag is that those National Savings products which offer a fixed return pay no income for five years; and those which pay a regular income do not offer a fixed return.

A number of readers have written to ask whether it is possible to obtain a decent income by cashing in the fixed certificates on a regular basis over the five-year period.

The problem with such a strategy is that the return on certificates is carefully slanted towards those who retain their investment for the full five years.

Early encashment means a lower return overall. For example, on the current 36th issue, the rate of return is as follows: during the first year (nil); after one year (5.5 per cent); after two years (6 per cent); after three years (6.5 per cent); after four years (7 per cent); after five years (7.5 per cent).

The best strategy of all is to buy certificates on a regular basis so that one can enjoy the full returns in five years time. This is obviously an approach that can be followed by those who are nearing retirement.

Others who are already

retired will not be able to wait that long, however. Accordingly I have constructed a number of strategies which use the certificates for short term income. (All I used was a calculator; readers can create their own strategies to suit individual needs.)

Each strategy assumes an initial investment of £10,000. Strategy One aims to create a level income over the five years while ensuring that the full £10,000 is left for reinvestment in 1997.

The fact that certificates are sold in £25 units makes it difficult to ensure that the income is completely level. But as the

table shows, by encashing successively £775, £725, £675 and £625 worth of initial units in the first four years, the investor will receive an income of between £214 and £284 a year.

In the final year (1997), the investor is left with £7,200 of his original £10,000 of certificates. They mature with a value of £10,826.33, allowing him to take £3,626.33 as income and leave the £10,000 initial capital intact.

The investor would be around £920 down on the return he would have made had he kept the full £10,000 in the certificates for five years.

For comparison, a basic rate

taxpayer would have to earn around 10.9 per cent gross from the building society in each year to get the same net annual income. A top rate taxpayer would have to earn around 13.7 per cent gross. The current redemption yields on five year gilts are between 9 and 9.5 per cent, but these are subject to income tax.

Strategy Two aims for a growing income. As the table shows, this system produces a somewhat lower return in the early years (by encashing fewer certificates) but a higher income is earned in 1996 and 1997. By cashing in successively £700, £700, £700 and £700,

this system gets an annual increase in income of between 4.4 and 8.1 per cent. Again, the strategy ensures that £10,000 is left for reinvestment in 1997.

Overall, this means that the investor is around £280 down on the return that would have been achieved by keeping in the £10,000 for the full five years.

Strategy Three is designed for those who need the maximum income, and are prepared to see a capital loss. It is designed to produce an income of £1,000 a year, by surrendering certificates worth £950, £900, £850 and £800 in successive years.

By 1997, this high encashment rate means that only £5,565 of the original investment is left. If the investor takes a £1,000 income that year, then he will be left with only £4,565 to reinvest. In addition, he will have made a return £1,147 less than if he had left the £10,000 in for five years.

What about the other national savings investments? The return on the index-linked certificates varies, of course, with the rate of inflation so one could not be certain of the returns achieved. It is therefore uncertain for those who want to be sure of their income.

The capital bonds are also a difficult case. They are designed to pay 11.5 per cent

per annum if held for five years. But although they pay no income until the five years are up, the investor must pay tax on the national interest received each year (a fact which is far from clear in the advertisements for the product).

So these bonds are best used for income by non-taxpayers. In the first year, the return is zero; after one year 7 per cent; in the second 8.75 per cent; in the third 11 per cent; in the fourth 13.75 per cent; and in the fifth 17.3 per cent. So £10,000 invested now would grow to £10,700 in 1993; £11,636 in 1994; £12,616 in 1995; £13,692 in 1996; and £17,234 in 1997.

Strategy Four aims for a level income from the capital bonds. Bonds are sold in £100 lumps, so it is difficult to get a precisely steady income, but once again, £10,000 is left for reinvestment. Note an important caveat, three months notice is needed for early encashment.

By encashing bonds worth £1,000, £900, £800 and £700 in successive years, this strategy produces a very healthy annual income. But the investor ends up around £1,680 down on the return he would have achieved by leaving the money in for the full five years.

The new £50,000 limit (up from £25,000) for National Savings income bonds took effect from April 30.

Strategy One			
Year	Capital retained (£)	Units encashed (£)	Income received (£)
1993	9,225	775	817.63
1994	8,450	725	814.81
1995	7,675	675	812.12
1996	6,900	625	809.43
1997	n/a	7,200	826.33

After taking income in 1997, £10,000 is left for reinvestment. Total return £4,114.86. If initial investment had been retained for five years, then £5,026.56.

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Strategy Two			
Year	Capital retained (£)	Units encashed (£)	Income received (£)
1993	9,300	700	738.50
1994	8,600	700	738.52
1995	7,900	700	738.54
1996	7,200	700	738.56
1997	n/a	7,275	826.33

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## FINANCE AND THE FAMILY

## How to buy travel insurance Don't slip up on the trip of a lifetime

TRAVEL insurance is almost too easy to get hold of. It comes with package holidays, with credit cards, and you can even buy it from a broker.

So the danger of leaving these choices unexamined is not great. The problem is to make sure that you buy the right policy, which covers against a realistic selection of risks.

That is much trickier. Any number of things can go wrong on holiday, and you could reasonably hope to insure against virtually any of them. Insurers might similarly exclude a large swathe of risks in the small print. Burrowing through the small print is tedious, as there is a lot of it, but important.

You are also in for an insurance headache if you plan anything hazardous. Cover for an overseas trip to Kathmandu will cost rather more than for a trip to Majorca.

What do less adventurous souls need? The Consumers' Association suggests that the following should be a minimum:

- Medical expenses cover up to £250,000 in Europe, and £1m in the US and the rest of the world;
- Cancellation cover for the cost of the holiday, including the cost of deposit and charges paid in advance;
- Baggage insurance of at least £1,500;
- Cover for individual expensive items such as cameras, if the main baggage insurance imposes a maximum for single items;
- Delays insurance of £25 - useful if your baggage takes longer to arrive than you do;
- Money and documents insurance of £500 and £100,000 respectively;
- Personal liability insurance of £2m for the US, and £1m for the rest of the world. This is unlikely to be needed and so it is cheap, but it could be vital.

Many packages do not reach this exacting standard. However, some may not need to, as contents and private medical insurance policies often extend their cover to when you are abroad. So you must read that small print as well.

What cover is available from the different outlets?

**Credit Cards**  
The travel insurance you will receive with a credit card is useful, and unless you have a particular aversion to credit, it is sensible to book air trips, or hire cars, by credit card.

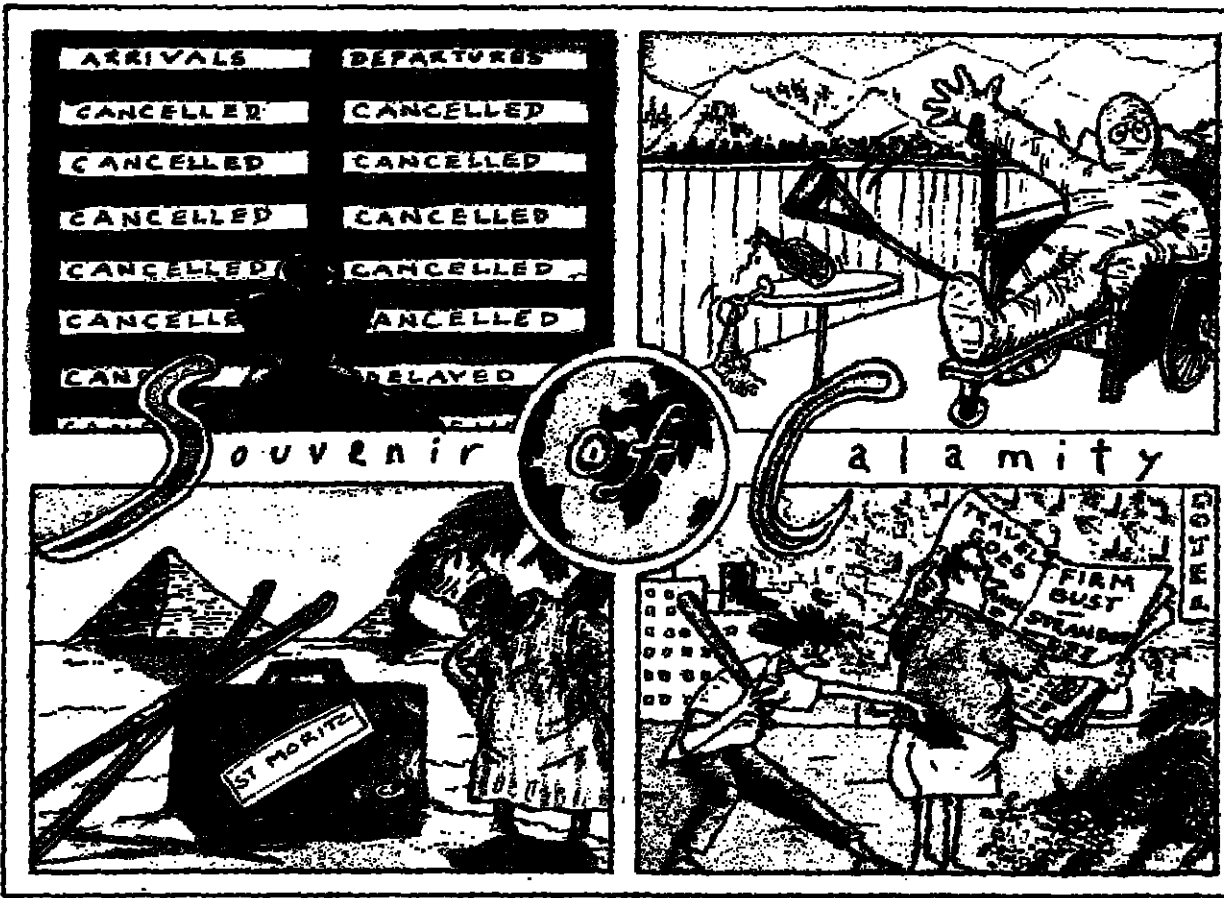
Travel accident insurance will be automatically included with the booking. However, you will only be covered for injuries or accidents caused while in transit in transport you have paid for with the card. The injuries will need to be severe - for example Barclaycard covers only against death, a range of specified serious injuries and total permanent disability - and a credit card is not substitute for a full travel insurance package.

The industry standard is £50,000 cover with a card. According to the Credit Card Research Group, 11 issuers provide £50,000 cover, while two offer more and two less. The range is from £30,000 to £70,000.

Gold cards require more homework - the total cover ranges from £50,000 to £250,000. Some also offer broader travel insurance and more ambitious "assistance" services in case you run into problems while abroad. Again it is best to check the small print, and to assume you will need to buy more insurance.

**Package Holidays**  
Proceed with caution. The concept of package holidays revolves around the "quiet life", and cutting your need to shop around for different elements of the package.

But many of the apparently discounted holiday packages borrow a trick from "discounted" mortgage packages



for first-time buyers which make up for reductions in mortgage payments by over-charging for buildings and contents insurance. When buying holiday insurance you may well find that what you gain on the holiday price, you lose in over-priced insurance.

**Holiday Whiffs?** produced a scathing report on package deals last month, finding that only four out of 32 operators surveyed offered the minimum cover required. However, most operators are keen, for their own convenience, to ensure that their customers have a measure of insurance.

The greatest ire was reserved for travel agents. Which? found one trade promotion urging travel agents to "cash in on the lucrative insurance market". Accept an agent's offer with caution.

**Independent Deals**  
Using a broker has much the same rationale as using an independent financial adviser for an investment product. You might pay more, but you should be certain of buying a policy which suits your requirements (provided you have worked them out in

advance), and charges should be relatively transparent.

There is a range of holiday specialist insurers, accounting for most of the Consumers' Association's best buys. These were compiled on the assumption that travellers were buying the cover listed above, for a two-week trip in Europe, and a three-week trip elsewhere in the world.

The best buy for Europe was Whiteley (0422-348411) with a £13.50 premium, followed by Briggs & Hill (0355-508121) at £15.90, and Royal Bank of Scotland at £16.50.

For the US, the best value came from Thomas Cook (Independent) (0733-503222) at £44.05, followed by Accident & General at £44.50 and AT Mays at £44.90. Worldwide, the leader is Whiteley at £34.10. Next come Briggs & Hill at £38.90, and Link Insurance at Lloyd's (0622-882020) with a premium of £64.

**Unusual Risks**  
This takes you into a different world. The chances are that someone, somewhere, will be able to insure any risk you are prepared to take, but you will have to look around, and you

will have to spend money.

The 1992 Insurance Buyer's Guide provides information on covering against a range of disasters. It lists three companies prepared to offer cover for "activity holidays".

Campbell Irvine (071-937-6981) offers cover over periods from one week to 12 months. It says premiums will be quoted instantly for individual risks "such as scuba-diving, parachuting, hot air ballooning, ocean sailing etc." Policies are underwritten at Lloyd's, and other intermediaries will receive 20 per cent commission.

Crispin Speers & Partners (071-480-5083) says: "No matter where the clients are going or what they are doing, the company can cover them". Minimum premium is £150. Policies are underwritten at Lloyd's, with a 10 per cent commission for other intermediaries.

Hayman Jackson Travel Insurance Services (0760-63222) covers "anything from amateur sports to hang gliding, mountaineering and expeditions". Commission to intermediaries is 20 per cent.

Special insurance deals are available for adventure holi-

days, and for group holidays - for example, Galaxy 7 Policies provides touring and travel policies for brass bands, marching bands and "enterprises".

Be sure that you know what the consequences would be if something went wrong. For example, those trekking in Nepal should be insured against the risk of needing to call in helicopter rescue.

War risks bulk larger than they did, as unrest emerges from eastern Europe to southern California. Several specialist insurers will cover you for war risks, but last month TSB became the first mainstream company to do so. TSB has abolished any exclusion from cover due to "war risks". This means that if you were unlucky enough to be in Bosnia-Herzegovina when hostilities broke out, you would be covered. However, this does not subvert the usual stipulation that insured people are not reckless. TSB would not be happy to pay out if you were injured having taken a helicopter tour over Kabul.

John Authors

## Directors' Transactions

LAST YEAR, when an early resolution to the Gulf war led to a strong rally in the stock market, many directors took the opportunity to sell. Much the same is happening now, only this time the rally was caused by a Tory victory in the general election.

Directors of Sage Group, the accounting software company, have not had to endure the problems of most company directors during the last 12 months. Earnings have doubled over the past two years, as has the dividend. Five directors sold a total of 480,000 shares at 478p, but two of those directors exercised options over the same amount of shares as had been sold, thereby replacing their holdings.

Another huge sale by Trevor Hemmings of Scottish & Newcastle dwarfed the other deals in our other column. Over the last two months, he has realised a total of £24.9m from his holding, but still retains an interest in just under 16m shares.

Alan Cox, chief executive of

ASW Holdings, the steel and wire group, bought 50,000 shares on April 8 at 117p. He bought a further 25,000 shares at 128.5p on April 14 and the shares now stand at 130p.

Four directors of Scamtron, the security equipment company, bought a total of 435,000 shares at the discounted price of 40p when Automated Security's stake in the company was placed. At the same time, Thomas Buffet stepped down as chairman.

Angus MacDonald, Directors

Key to sectors: BldM = Building Materials; Brew = Brewers & Distillers; C&C = Contracting & Construction; Elec = Electricals; EngA = Engineering Aerospace; FdMa = Food Manufacturing; FdRe = Food Retailing; H&L = Hotels & Leisure; Insl = Insurance (Life); Med = Media; Met = Metals & Metal Forming; Mot = Motors; Oth = Other Industrial Materials; Stor = Stores; Text = Textiles; Tran = Transport.

## DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
<b>SALES</b>				
Abbot Mead Vickers.....Med		22,800	88	1
Airbreak Leisure.....H&L		1,000,000	800	2
Aas British Ports.....Tran		40,000	123	1
Duxons.....Stor		300,000	786	1
Farnell Electronics.....Elec		134,500	407	2
Gold Greenhouse Tr.....Med		54,000	189	1
Headline Book Publ.....Med		88,800	118	2
Park Food Group.....FdMa		35,000	37	1
Perkins Foods.....FdMa		1,140,000	1,539	1
Prico Holdings.....Elec		10,000	35	1
Pelon.....Elec		30,000	48	1
Renishaw.....Oth		800,000	2,144	1
RMC Group.....BldM		14,000	82	1
Sage Group.....EngA		480,000	2,260	5
Scott & Newcastle.....Brew		1,850,000	8,685	1
Smiths Industries.....EngA		55,711	171	1
Visteo.....Elec		450,000	73	1
Wilson (Consign).....C&C		472,222	807	1
Wyvate Garden Ctrs.....Stor		500,000	655	1
<b>PURCHASES</b>				
Addison Consultancy.....Med		287,000	35	1
ASW.....Met		25,000	32	1
Britannic Assurance.....Insl		1,500	13	1
Dawson International.....Text		8,894	18	1
Quicks Group.....Mot		82,781	72	3
Visteo.....Elec		435,000	174	4
Sharpe & Fisher.....BldM		25,000	23	2

Value expressed in 000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (if 100% subsequently acquired, with a value over £10,000). Information released by the Stock Exchange 21-24 April 1992.

Source: Directors Ltd, Edinburgh

## Rush to launch equity funds

THE FUND management industry is testing the waters in the wake of the Conservatives' re-election. Managers hope that, with five years of Tory government ahead, investors will feel confident enough to invest in equities.

Not all the funds are UK based. The flavour of the month is China. A Dublin-based China Opportunities fund was launched recently by Hahn Profit and now Jupiter Tyndall has produced a Luxembourg-based China portfolio. The fund will be the eighth in the umbrella range called the Tyndall Global Fund (others are high yield, British

Lion, Wall Street, Japan, International, European and Tiger.) The minimum investment is £2,500 (or \$5,000); initial charge is 5 per cent; annual fee 1 per cent.

Since there are few opportunities for direct investment in China, those who want to gain exposure to the country normally do so via Hong Kong companies which have subsidiaries in the People's Republic. That means exposure to the Hong Kong stock market - currently at an all-time high. But Tyndall fund manager Eric Sandlund says that price-earnings ratios in Hong Kong are still low compared with the rest of the world. Legal & General has

produced a range of unit trust Personal Equity Plans to take advantage of the new £6,000 limit. There are four investment choices: recovery, growth, income and worldwide. The initial charge is 5.5 per cent, and Legal & General says that this is free of VAT, unlike some other companies' charges. The annual management fee is 1.5 per cent.

Meanwhile Skandia Life, which linked up with the Foreign & Colonial Investment Trust last year, has established a managed investment trust fund with Robert Fleming. The fund will invest in five Fleming-managed trusts - American, Claverhouse, Far

Eastern, Japanese and Universal. The fund can be linked to Skandia Life products.

Providence Capital is offering the Balanced Growth fund, a combination of two of its funds - Special Market and UK Fixed Interest. The fund is available on both life and pension policies.

The Unit Trust Industry Review & Directory, a guide to the management groups and trusts in the market, was published this week by Professional and Business Information. At £245, it will appeal to the financial adviser rather than the private investor.

Philip Coggan

## The bottom line on life

MORE MYSTERIES of the life industry were revealed this week with the publication of a survey of With-Profits guides by the magazine Money Marketing, in conjunction with the actuaries Clay & Partners.

This is not recommended bedside reading for any bar the most chronic insomniacs. But the fine detail it provides about the future of life assurance-based investments is invaluable.

An issue often overlooked when choosing an office is its ownership, which theoretically is all-important. Mutual companies are owned by their with-profits policyholders and operate solely for their benefit. When bonuses are paid, all the money which can prudently be distributed will go to the

policyholders as nobody else has a claim.

Proprietary companies have a dual loyalty. While they need to provide as healthy a pay-out as possible to policyholders, they also have to produce a dividend for shareholders. This may sound sinister, but the shareholders' allocation is usually quite small.

The Money Marketing survey provides figures on the share of profits going to policyholders for 16 proprietary offices. Most stipulate that at least 90 per cent of profits is earmarked for policyholders. Exceptions include Pearl, which has a minimum of 80 per cent on its ordinary branch surplus, and Legal & General, which keeps a strict 90 per cent of its with-profits surplus for policy pay-outs, with other surpluses at directors' discretion.

In 1990, most offices chose to distribute exactly 90 per cent of their available surplus. Scottish Mutual and Swiss Menar both, once mutuals, gave 100 per cent of their distributable profits to policyholders.

However, some offices vary - for example, Eagle Star paid out 80.2 per cent and Legal & General 87.5 per cent, while the figure for Sun Alliance was 91.9 per cent and for LAS 98 per cent.

This might make you rush to invest with a mutual, but further analysis gives strong reasons to invest with a proprietary office. As Clay & Partners points out: "The security of policies may be higher because it is backed by extra reserves and bonus rates may be more stable."

A glance at the Money Marketing tables, published last

week, shows a pronounced strengthening by quoted companies. If terminal bonuses are included, then over a 25-year term for endowments, Commercial Union is second, General Accident third, Equity & Law eighth, and Eagle Star ninth. If terminal bonuses are excluded five of the top seven offices are proprietary, even though on average a tenth of their profits must go in dividends.

The appeal of endowments is limited, owing to their inflexibility, but cautious savers looking for security might be prepared to go with a proprietary office and share some of their funds with shareholders. Their stolid merits seem rather greater after a bad year for the markets.

John Authors

# The Ascent of the Smaller Company.



The outlook is good for the UK stockmarket. Pre-election uncertainty is being replaced by a renewed sense of direction for businesses and a new wave of optimism from investors.

Few areas of business are in a better position to capitalise on these developments than the UK's smaller companies.

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**Powerful Performance.**

If you look at the performance history of smaller UK companies, the facts speak for themselves. Over the last 37 years, the House of Commons Smaller Companies Index, which mainly covers companies worth up to £200 million, has outperformed the FT All Share Index by an average of 4.5% a year.

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Remember that the price of units and the income from them can go down as well as up, and that past performance is not necessarily a guide to future performance. \*Includes gross reinvested income. Source: House of Commons.

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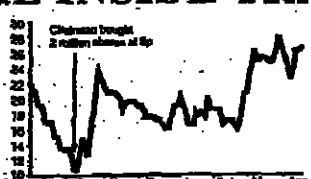
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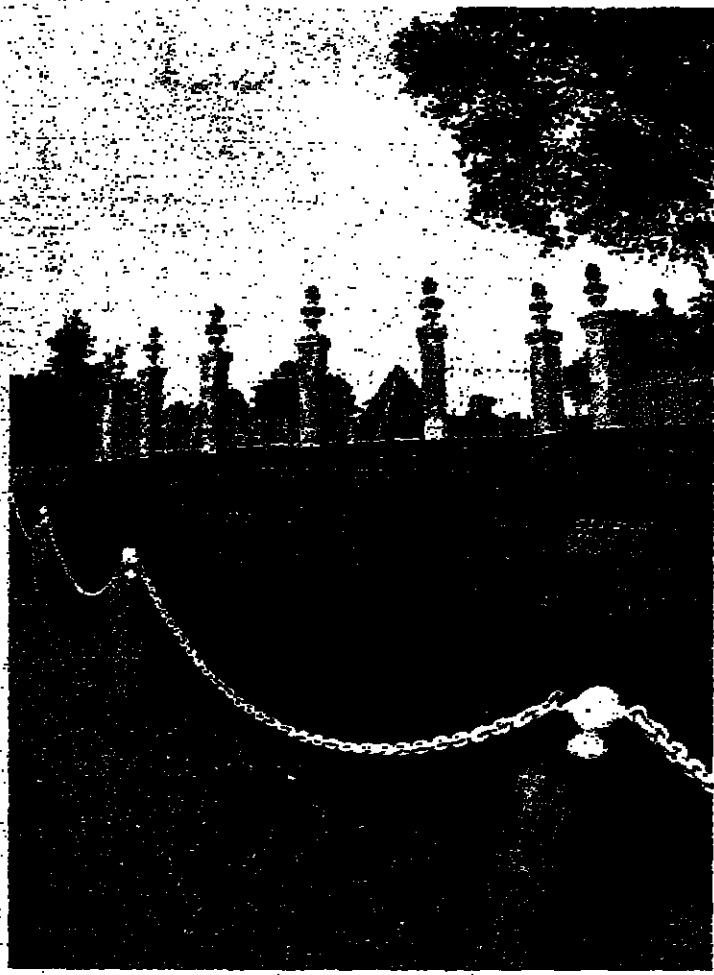




## FOOD AND DRINK

## The '91 clarets: a hard year to sell

Edmund Penning-Rowse tastes last year's frost-hit vintage and finds it better than expected



Château Beychevelle: its 1991 clarets have good balance and structure

THE 1991 Bordeaux vintage was written off months before the grapes were picked, after the devastating frost of April 25/26 last year. The white wine crop of 42 m hl was the smallest ever *appellation contrôlée* in the Gironde. Red wine production was less than half of the two previous years at 2.16m hl. With the vintage also affected by heavy rain, is the quality any good and are the wines worth buying?

The first answer was given at the annual tastings of the latest vintage by the *Union des Grands Crus*. The Union represents 120 leading growers, except *premiers crus* and a few important *châteaux* which do not like their cask samples tasted en masse with the others. I was able to taste all left-bank firsts and one of the most reliable of the others.

The tastings showed that the 1991 vintage cannot be classed as poor, contrary to some forecasts, and is better than 1984 and 1987. Helped by the small yields, the wines have very good, deep colour. The more successful have enough fruit but at this stage cannot be described as welcoming on the nose and palate like their two predecessors.

Apart from the top wines, they were hard work to taste, and it was

significant that only 94 of the union's members showed their wines in the tastings. The Médoc came off best; the Graves, which suffered hail and more rain, less well; and the St Emilion or Pomerols, by their very limited representation, demonstrated their problems. The few dry whites shown were generally good, as were the Sauternes. The others either were not considered ready to be shown or were probably not being offered en primeur. It is not improbable that a number of the reds were "assisted" by some dollops of '90, not yet bottled, but there is no harm in that.

The Union's wines were shown more or less alphabetically by appellation. The Médocs were divided into two tastings of 25 and 23 growers. Here are those that I picked out in the order as arranged. The figure in brackets indicates the number of wines tasted.

**Médoc south (25):** La Tour de By, Beaumont, La Héronne, Citran (particularly successful in the bourgeois range), Anglet, Marquis de Terne and Latour-Carvet.

**Médoc north (23):** Clarke, Poujeaux (very fruity), Beychevelle, Branaire, Grand Larose (very good balance and structure), Lynch-Bages, Pichon-Longueville, Pichon-Lalande, Cos Labory, Ormes de Pez

and Montrose.

**Red Graves (14):** Domaine de Chevalier, de Fieuzal, de France, La Louvière, Malaric-La-Gravière, Pique-Cailion and Smith-Haut-Lafite.

**White Graves (12):** Chantegrive, Carbonnieux (elegant), Domaine de Chevalier (exceptionally full-bodied, oaky), de Fieuzal (less structure but fine), Larivet-Haut Brion, Olivier.

**Sauternes (6):** Lafaurie-Peyraguey, La Tour-Blanche and Climens (the richest, best structured).

**St Emilion (5):** Pavie and Troplong-Mondot.

**Pomerol (5):** Nenin, Petit-Village, Climens, La Croix-de-Gay (with an authentic brown-sugar Pomerol nose) and La Consolante (elegant, light but true Pomerol style).

I believe it is a mistake for the first-growths and some leading second to refuse to mix with their social inferiors: as they may not continue to sell on their names and reputations. To visit them, individual appointments must be made. All except Mouton-Rothschild opened their '90s for me as well, which show how rich and concentrated the '90 vintage is, and maybe superior to the more trumpeted '89. Listed in the order tasted, my notes were as follows:

**Haut-Brion:** fine nose, well-balanced but somewhat light in flavour. (La Mission-Haut-Brion from the same stable but different cellar had more flavour and size).

**Margaux:** very elegant nose, on the light side but very well-balanced - one of the best; the second wine, Pavillon Rouge, was surprisingly fruity and engaging.

**Lafite:** very good colour, like all these firsts; elegant nose, classic style but rather hard; its associate property in the Bas-Médoc, Cardonne, had an agreeable oaky aroma, and light but long taste.

**Mouton-Rothschild:** very big colour, closed nose, but concentrated flavour and excellent balance - particularly attractive. Its fifth-growths Cler-Milon was very fruity and long on the taste.

**Latour:** very closed on the nose now and with a good deal of tannin, but plenty of body, and probably the most long-lived (Les Forts de Latour, the second wine, very similar in appearance and aroma, with lots of fruit).

The Barie family own Grand-Puy-Lacoste and Ducru-Beaucaillou. The former had colour and plenty of life and fruit, the latter more structure, elegance and fine aroma.

The position of the '91 whites is simple: they can be excellent, but there is very little of them. For the

reds the problem is of saleability after three fine vintages and of price. The main encouragement to buy this controversial vintage must be bargain appeal. Yet the hard-pressed trade needs the cash-flow of an en primeur market.

In Bordeaux, price comparisons are being made to the 1987 vintage. This would give "opening offer" ex-cellar, in-bond prices of around £220 a case for the first-growths, £110 for the seconds, £60-£75 for other classed growths, £50 for many *crus bourgeois*, and £35-£45 for *petits châteaux*.

But another view is that since the 1990 prices came down 12-15 per cent and the '91s are better than the '87s, prices should be between the '80s and '87s. Some claim that only a steep reduction will attract buyers. The *châteaux* will shortly have to decide. Lafite, Margaux and Mouton-Rothschild have already come out at FF 180 a bottle (£200 a case in bond). As the classier '91s are unlikely to appreciate in price in the next year or two, the only reason to buy them is if one is short of their predecessors back to '86. But the *crus bourgeois* and the *petits châteaux* are likely to develop fairly quickly, and once initially sold are unlikely to appear again on merchants' lists in the UK.

## Cookery/Philippa Davenport

## A vegetarian virtuoso

CARLA Tomasi - like Annie Hall, about whom I wrote last week - is one of today's bright young band of cooks who love vegetables and fish but do not eat meat.

Until last Christmas Tomasi was chef-patronne of Frith's restaurant in London's Soho. When the new year dawned she changed tack, closed the restaurant and set up her own cookery school, Turnaround Cooks. The move is a happy one. Sharing ideas as she cooks, and talking over more ideas as you eat together, suits her better than the restaurant scene where chef and customers are, for the most part, separated by the service door.

Tomasi is warm, gregarious and generous, an exuberant cook. There is nothing schoolmarmish about her and her classes are very informal. Normally they are demonstration classes rather than hands-on, but I would call them participative. Her personality, the size of the kitchen and the numbers per class (15 at most, more often 10) see to that.

At Turnaround Cooks you will find no meek rows of passive audience-looking up to The Cook per-

forming on stage, never getting closer to the food than an overhead mirrored glimpse. Instead everyone gathers round the stove and table, close enough to wipe away onions as they are peeled, to share an occasional splattering of extra virgin olive oil, and to lend a hand with this or that - stirring, cutting, kneading or whatever. All the senses are thoroughly engaged: sight, smell, sound and touch, as well as taste. This is a 3D cooking experience, charting every nuance of change as a dish progresses from raw ingredients to serving and eating.

Tomasi's is a contemporary cosmopolitan style of meatless cookery. It draws its inspirations from the fresh, spicy flavours of places as far flung as Thailand and the Caribbean, as well as her native Italy. This makes it particularly attractive to the young, and stimulating

for slightly stuck-in-a-rut cooks who are in search of new adventures, but it is unlikely to enthrall diehard classicists or followers of haute cuisine.

Most of her courses are one-day affairs, and vegetarian cookery is the subject of many of them. The chocolate workshop, pasta and bread-making, fish cookery, Thai cookery, and Italian regional cakes, puddings and biscuits are other favourite subjects.

Sometimes Tomasi is joined by guest cooks (Anna Del Conte will team up with her for a series on Italian regional cookery in the autumn) and five-day intensive courses are being introduced in June. These will include visits to Brixton, Berwick Street and other London markets to shop for the key ingredients to be cooked.

A ticket to one of Tomasi's clas-

ses might make a splendid present to give to a godchild or niece. I would probably buy two tickets and go along myself as well - to spend my ideas, and because a day in Carla Tomasi's company is such fun.

The fee (usually £50 for a one-day course, inclusive of lunch with wine) strikes me as a bargain, and an added attraction is the location. Turnaround Cooks' classes are held in London's Notting Hill Gate, in the kitchens of Books for Cooks, mecca for those with an appetite for culinary reading.

**SPINACH DUMPLINGS IN TOMATO & BASIL BROTH**

Carla Tomasi reckons that this lovely recipe is enough to make a generous main course lunch or supper dish for three people, or a substantial first course for four.

For the dumplings: 1 lb spin-

ach; ½ lb ricotta cheese; 2 oz freshly grated Parmesan (plus a little extra for serving if liked); 1 egg; 1 tsp salt; 2 eggs; a little plain flour.

For the broth: 1 x 800g (or 2 x 400g) can(s) of plum tomatoes; 1 tsp extra virgin olive oil; a few basil leaves; 2 garlic cloves; a little passata (optional).

To make the broth, first sieve the canned tomatoes and dilute with an equal volume of water (use the empty can(s) to measure it). Add a dash of passata if the tomatoes are pale, as they may be very occasionally. Chop the garlic and basil finely.

Heat the olive oil in a roomy saucepan with a large surface area and sauté the garlic and basil briefly over high heat. Add the tomatoes, simmer gently without a lid for 20-25 minutes and



season to taste.

For the dumplings, first cook the spinach until very tender. Drain, squeeze out the water and process to a puree. Add the ricotta, Parmesan, a generous seasoning of salt, pepper and nutmeg, and the lightly beaten eggs. Process again to mix well.

The mixture will be slack and slightly sticky, too soft to shape into neat, perfectly round dumplings - which is why the Italians call them *malfatti* (badly made or misshapen). Do not be put off the taste and tender light texture are exquisite.

Chill the mixture if time permits,

so it firms up a little. Then, using oiled or wetted spoons or hands, divide and shape it into soft green blobs slightly smaller than ping-pong balls. Sit them on a floured baking tray and set aside until shortly before serving. If refrigerated, the dumplings will keep for two to three days.

To finish, bring the tomato broth back to a bare simmer. Shake the tray of dumplings to roll them about and coat them lightly all over with the flour. Then slide them into the liquid, one by one in quick succession. They will sink as they dive in and swim to the surface when cooked, about 10 minutes later. Keep the flame very low throughout poaching: barely a bubble should break the surface of the liquid.

Lift out the dumplings with a draining spoon when they are ready. Serve them in warmed soup plates with the tomato broth poured round them, and maybe a grating of Parmesan sprinkled over them.

■ Carla Tomasi, Turnaround Cooks, 73 Clare Court, Judd Street, London WC1N 9QW. Tel: 071-278-2659.

The attractions of drinking superb Rioja Gran Reserva soon after their release speak for themselves. But what isn't often realised is the fact that the younger vintages have a considerable potential for laying down.

Matured for at least two years in oak casks and three years in bottle, but often for longer before release, the finest red Riojas have been known to remain in the peak of condition for many years.

This is why, for the first time in Rioja's 800 year history of wine making, the bodegas have decided to establish a suitably prestigious way of encouraging you to buy their Gran Reservas, to enjoy now and in the years to come.

## THE RIOJA GRAN RESERVA CLUB

Spain's leading winemakers invite you to join the Rioja Gran Reserva Club. To become eligible for membership, all you need do is respond to the exclusive offer on the opposite page.

As only 100 cases of each Gran Reserva are available, it's advisable to return your application form as soon as possible, and certainly by 31st July, for delivery during October, 1992.

The release of Gran Reservas by the leading bodegas will become an annual event, and you can maintain your membership by simply placing an order once a year.

As a member, you will receive an introductory gift of your own Gran Reserva Celler Book.

The writer and TV wine expert Charles Metcalfe has provided you with his personal tasting notes. These describe the wines in the offer, and advise you whether to drink them now, or to lay them down.

## EVENTS, BOTH SOCIAL AND FINANCIAL

The events in the annual programme will include tastings of Museum Gran Reserva

Rioja, which are old wines in very short supply, and an opportunity to join a subsidised wine tour to Rioja.

Depending on the quantity of wine purchased through the offer, members may also be entitled to a discount on a purchase in the following year's offer.

The Rioja Gran Reserva Club newsletter will detail all these benefits, give you up-to-date tasting notes and bring you reports on the latest vintages and developments in the Rioja region.

## TO AVOID DISAPPOINTMENT

As supplies are so limited, orders will be dealt with on a first come, first served basis.

The best way to ensure that you not only gain membership, but also secure the wines you have chosen, is to carefully make your selection, then respond as quickly as possible.

CODE	WINE & TASTING NOTES	VINTAGE	PRICE PER CASE (12 BOTTLES) INC. VAT	ORDER CLASS	TOTAL
GR01	BODEGAS FAUSTINO MARTINEZ: FAUSTINO I. Rich, packed with ripe fruit; 1991.	1991	£174		
GR02	LA GRANJA REMELLURI: REMELLURI. Light, refined, delicate, mature; 1991.	1991	£199		
GR03	VIRIA SALCEDO: CONDE DE LA BALLEDA. Mature, rich, spicy, powerful; 1991.	1991	£129		
GR04	BODEGAS RIOJA SANTO: GRAN CONDAL. Powerful, spicy, rich, mature; 1991.	1991	£89		
GR05	BODEGAS BERBERANA: BERBERANA. Powerful, rich, spicy, mature; 1991.	1991	£97		
GR06	BODEGAS BARON DE LEY: BARON DE LEY. Powerful, rich, spicy, mature; 1991.	1991	£211		
GR07	BODEGAS DOMESTICO: MARQUES DE ANEZCO. Fresh, spicy, mature, powerful; 1991.	1991	£113		
GR08	BODEGAS EL COTO: COTO DE INAZ. Sweet, spicy, mature, powerful; 1991.	1991	£99		
GR09	BODEGAS LARI: LARI. Sweet, spicy, mature, powerful; 1991.	1991	£179		
GR10	LA RIOJA ALTA: RESERVA 804. Rich, spicy, mature, powerful; 1991.	1991	£166		
GR11	BODEGAS RIJANAS: MONTE REAL. Sweet, spicy, mature, powerful; 1991.	1991	£196		
GR12	BODEGAS SIERRA CANTABRIA: SIERRA CANTABRIA. Powerful, rich, spicy, mature; 1991.	1991	£183		
GR13	BODEGAS CAMPO VIEJO: CAMPO VIEJO. Rich, spicy, mature, powerful; 1991.	1991	£91		
GR14	BODEGAS MARTINEZ BILANDA: BILANDA. Sweet, spicy, mature, powerful; 1991.	1991	£149		
GR15	BODEGAS MURIA: PRADO ENSA. Rich, spicy, mature, powerful; 1991.	1991	£239		
GR16	BODEGAS OLARRA: CERRO ARD. Rich, spicy, mature, powerful; 1991.	1991	£109		
GR17	BODEGAS PALACIO OLARRA. Rich, spicy, mature, powerful; 1991.	1991	£99		
GR18	BODEGAS RANON BILAGA: VINA TURABALLA. Rich, spicy, mature, powerful; 1991.	1991	£197		
GR19	BODEGAS MARQUES DEL PUERTO: MARQUES DEL PUERTO. Rich, spicy, mature, powerful; 1991.	1991	£109		
GR20	BODEGAS BERONIA: BERONIA. Sweet, spicy, mature, powerful; 1991.	1991	£129		
GR21	BODEGAS CAMPILLO: CAMPILLO. Rich, spicy, mature, powerful; 1991.	1991	£189		
GR22	BODEGAS MURIA: MURIA. Rich, spicy, mature, powerful; 1991.	1991	£171		
GR23	LOPEZ DE HEREDIA: VINA YONDA. Rich, spicy, mature, powerful; 1991.	1991	£219		
GR24	VINOS MARQUES DE RISCAL: MARQUES DE RISCAL. Rich, spicy, mature, powerful; 1991.	1991	£295		
GR25	BODEGAS AGE: AGE. Rich, spicy, mature, powerful; 1991.	1991	£199		
GR26	FEDERICO PATERNINI: CONDE DE LOS ANDES. Rich, spicy, mature, powerful; 1991.	1991	£256		
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## PERSPECTIVES

# The dream of steam that nearly drowned

John Kitching describes an epic — and ultimately tragic — 19th century voyage to chart the mighty Euphrates river

IT WAS a remarkable story of two 19th century visionaries, one a novelist, the other a soldier. Their dream was of a steamboat expedition down the uncharted Euphrates river: a voyage to match the great achievements of ancient Greece and Rome. Two paddle-steamers would be built in England, shipped in parts to the Syrian shore, transported overland by hundreds of camels or oxen to the upper reaches of the mighty river, and assembled on its banks. The expedition, the first full British survey of the Euphrates, was to bring tragedy, as described in a new book by John Guesz.

First, the two men and their vision. Thomas Love Peacock — a tall, handsome, novelist friend of the poet Shelley — worked for the East India Company. He believed the Euphrates could be a commercial route from Britain to India. His associate was Francis Chesney, a small, wiry artillery officer-turned-explorer who believed strongly that nothing was impossible. Later, he was to be hailed by some as the father of the Suez Canal.

The Euphrates expedition was not simply the dream of two men. It was an attempt by the British government to achieve a geo-political end by technological means. The objective was to halt Russian expansion in the near east, which was seen as a threat to India. The instrument was to be a flotilla of iron-hulled paddle-steamers that would patrol the Euphrates from the Anatolian mountains to the Persian Gulf.

Peacock was a classical scholar. He knew that, more than 1,500 years earlier, the Roman emperor Trajan and Julian had led flotillas of flat-bottomed craft down the Euphrates as far as Babylon in support of their campaigns.

In 1833, Peacock sent a memorandum to Lord Ellenborough, president of the India Board, expressing his fear that a foreign power might threaten Britain's interests by

repeating the emperor's triumphs. Ellenborough decided there should be a feasibility study of the Euphrates route. Chesney, already 41, was chosen. He completed his survey in September 1832, and met Peacock for the first time in January 1833. His diary records: "I found that he [Peacock] was deeply versed in the ancient history of the Euphrates and that he had not only been the first to bring this line of communication with India forward, but that he had collected in a thick book every private notice he could find of that river, whether contained in Gibbon, Balbi, or any other work."

The two decided to suggest a trial expedition. By late 1834, the dream of the great river journey was about to come true. Guest writes: "A plan of action had already been prepared. Two iron vessels would be built and tried out in England; six months after placing the order, they should be ready to be shipped off in frame. The larger one would measure 100 tons and would be powered by two 25hp engines, while the smaller, designed for the low-water season, would measure between 60 and 70 tons with two 8hp engines."

"If they were shipped to the Syrian coast, as Chesney recommended, the voyage would take about 50 days. Five days would be needed for unloading the crates and tracking them to the Orontes to a point near Antioch, whence camels and heavy wagons could transport the entire 300-ton load in three journeys to Bir, only 60 miles distant, in a week."

"Allowing 40 days to reassemble the vessels, the initial 1,100-mile trip down the Euphrates, which would also require time for negotiations with the Arabs and for laying down coal depots, should bring them to Basra a month later — for a total elapsed time of 151 days after leaving England."

"The return trip upstream to Bir was estimated at eight to 10 days. Thereafter, for the duration of the



Colonel Patrick Campbell, the British Consul-General in Alexandria, received by Mehmed Ali Pasha, the Ottoman Viceroy of Egypt in 1838 when Col Campbell was negotiating with Mehmed Ali over control of the Euphrates which fell in the Pasha's sphere of influence

experiment, assumed to be 12 months, regular trips would take eight days to go upriver and five days to go down."

Orders for the steamers were placed with Lairds of Birkenhead. By the end of 1834, the impatient Chesney had named the ships *Tigris* and *Euphrates*, abandoned the idea of sea trials, and begun to organise the packing. He chartered the 300-ton *George Canning* to transport the vessels, and loading was completed by February 1835. On February 10, the journey began.

By April, it had reached the Bay of Antioch. Chesney, impatient as ever, decided to assemble the smaller steamboat, the *Tigris*, and to test it on the Orontes river. Riv-

eters, smiths and carpenters were put to work. Two weeks later it was launched. But it steered badly in the shallow waters of the river, and Chesney decided to unship the paddles and drag the hull overland in several pieces to the Euphrates.

Guest writes: "The expedition's carpenters and smiths, helped by local artisans and using lumber from the area, started work on building wagons to carry the heavier loads over the hills."

"Oxen had for centuries provided the power to move things overland, but many of the bullocks, procured with much difficulty, were ill-adapted to team work. The most effective means of traction proved to be a combination of human and

animal power."

It took several weeks for the parts of the *Tigris* and *Euphrates* to be dragged to Port William, south of Bir on the upper reaches of the river. By autumn, after much activity, the larger of the two ships was almost ready. The *Euphrates* was launched on September 26, sliding sideways down a 25ft slope.

By now, though, Chesney had caught malaria. The weather was worsening and it became clear that a voyage down the river would not be possible during the winter. It looked as if the dream might fall apart. But by spring 1836, the outlook had improved: Chesney was somewhat better and the *Tigris* had been launched. It set off down-

stream on May 4, followed by the *Euphrates* on May 8.

The journey proved worse than anyone could have imagined. Within days, the two steamers were hit by a violent storm. Witnesses said it lasted only 12 minutes; yet, the *Tigris* was wrecked. Guest records: "In pitch darkness, almost on its beam ends, the *Tigris* drifted down the river with water pouring through the windows, which nobody could close. The engineer remained at his post and two other men struggled vainly with the wind, while the rest of the ship's company gathered in silence on the after-deck."

The order to stand fast was given, but most of those huddled on the

deck were unprepared when the *Tigris* sank suddenly in 50ft of water. One of the crew recalled "being balanced on the awning ropes, with a native holding my feet and screaming piteously." Twenty of the 37 people on board died.

On May 24, Chesney told his remaining crew that he had received orders to disband the expedition by the end of July. Despite that, he was determined. If his colleagues agreed, to continue the descent of the river. "Predictably," Chesney's appeal was effective. "One and all," he records, "officers and men at once expressed themselves not only ready but anxious to second me in every way, and volunteered to forego their expedition pay in order to lessen our expenses as much as possible."

On June 19 1836, 91 days after leaving Bir, the *Euphrates* steamed down the Shatt-al-Arab waterway. By now, crates and barrels were being used to make out the fuel supply. It anchored at Basra, within sight of the Persian Gulf, at about almost journey's end. After a brief rest, Chesney took the *Euphrates* up the Tigris to complete his survey of the two rivers. But his epic journey was to be in vain. Six years later, in 1842, a report to a House of Commons committee, based on the experiences of the *Euphrates*, declared the river "not well adapted for the purposes of steam navigation."

Peacock, his dream in ruins, resumed writing essays and reviews, including his reminiscences of Shelley. But he never wrote of the project that he had conceived, promoted and observed for years. He died in 1866, aged 61.

For Chesney, the hot-headed visionary, the dream of the great river never died. He returned to the Euphrates and became associated with abortive projects to build a railway up the valley. He died in 1872, aged 68.

■ "The Euphrates Expedition," by John S. Guesz, published by Kegan Paul International. Price £44.

## Tales from the Earth

# Priest who was brought to life after 3000 years

Gerald Cadogan starts a new series on the stories uncovered by archaeology

NATSEF AMUN was a priest in the great temple of Amun at Karnak, near Luxor in upper Egypt, in the reign of Ramesses XI (1113-1065 BC). He lived a pure priestly life, taking two baths a day and two at night, and shaving his head and body daily. He did not wear animal products of wool and leather, but had linen robes and papyrus shoes like espadrilles.

He died, and was mummified, with his tongue sticking out. The mummy men worked quickly — we know because his eyes were still in his head — to remove the vital organs and dry his body before packing it with spices and wrapping him in more than 40 layers of cloth, both fine linen and discharges. Then they gave him garlands of red berries and lotus flowers and put him in an anthropoid (body-shaped) double coffin and buried him. Three thousand years later he has come back to life with a full medical dossier, thanks to the Manchester Mummy Project.

On display at the Manchester Museum until May 23, when he returns to his permanent home in Leeds Museum, Natsef Amun crossed the Pennines to see the Manchester consultants, who specialise in describing mummies and their ailments. Prognoses are impossible, since these patients are centuries dead.

Like all visits to a new doctor, the first questions about the patient were who he was and how he lived. The hieroglyphs on his coffin gave his name and occupation, as the worthies of the Leeds Literary and Philosophi-

cal Society discovered in 1828 when they translated the texts and made a first examination of him soon after he reached Leeds (via Trieste, Paris and the Egyptian Hall in Piccadilly). They wrote up their investigation in a 60-page *Account of an Egyptian Mummy*. As a priest of Amun, Natsef Amun's job was to be the scribe/accountant in charge of the corn offered to, and eaten by, the sacred cattle that were to be sacrificed for the god's daily feast. The priests ate the steak and other good food which the god naturally could not eat himself.

The medical confirmed this comfortable, privileged life. A body scan revealed no degenerative diseases apart from arthritis in the neck and an early stage of hip osteoarthritis, which today would mark him as a candidate for a hip replacement.

The scan also showed that his brain had been removed in the usual fashion during mummification. Then the organs were put in urns, called Canopic jars, or wrapped in small packages for replacing in the body cavities. Natsef Amun's surviving organs, including his kidneys, were lost in 1941 when the Leeds Museum was bombed.

To look at him internally the doctors used an endoscope, a tube that reaches past the eye to the throat. Top of the agenda was to determine why his tongue stuck out. Did he have throat cancer? Endoscopy suggested he did not. Had a bee stung him? Possibly. Or was it much worse — had he been strangled? Scientists could not rule that out. After 3,000 years it is hard to certify the precise



Dr Edmund Tepp, K W Wildsmith and Dr Rosalie David of the Manchester Mummy Project get to work on 3,000-year-old Natsef Amun

cause of death.

The endoscope also takes tissue samples. They probed the chest, hoping that the mummifiers had left some bits behind even though his organs had gone. As mummification is a process of drying the body by packing it with natron (a natural compound of sodium carbonate and sodium bicarbonate named after the Wadi Natrun north west of Cairo), today doctors can restore tissue samples by rehydrating them and fixing them so that they do not rot.

Natsef Amun's samples gave his blood group and his DNA. That can tell the person's sex — if it is not clear otherwise — and family connections, and help to identify viral and bacterial diseases.

Next, the Manchester team removed his eye and optical nerve — a medical triumph, as the eyes do not survive usually — and found hints of neuritis. His surviving teeth were in good condition. With little sugar in the diet, cavities were rare in ancient Egypt, but worn teeth were common as sand got into the flour when it was ground

in stone mortars. But he did have gum disease, and his teeth were badly worn.

There were interesting discoveries around the groin. Natsef Amun would have been circumcised on becoming a priest, but that could not be checked as his penis was broken and lost. But there were signs of incipient elephantiasis (swelling of the legs and scrotum) and atheroma, the blood vessel disease that can lead to cramps, strokes, heart attacks and gangrene. But as the Egyptian diet was low in cholesterol, it was not serious.

He died in middle age, says "Finger" Fledge, the retired fingerprints expert of Greater Manchester police, and his hands showed that he had not been a manual worker.

What did he look like? The scientific team used a scanner to build up a 3D computerised X-ray image and fed that into a numerically controlled milling machine, cutting a block of polystyrene. That gave his skull. Richard Neave, Manchester's master of facial reconstruction who has recreated Lindow Man, the body found in

an Irish peat bog, Philip of Macedon and an unknown man killed in the Kings Cross Underground fire, got to work with modelling clay to show flesh thickness, and soon produced a well built man, in his mid-40s, with a shaven head, and his tongue in its proper place.

At Manchester, bringing mummies back to life is a skill that goes back to 1908. The Manchester Mummy Project has now dealt with many mummies, and as the home of the International Mummy Data Base, the team helps researchers find out more about life in early Egypt and how diseases occur and recur.

Support has come from the Wellcome Trust, the British Academy, Kodak, and Keymark, which makes the endoscopes. However, it costs about £100,000 to bring a mummy back to life, and the Mancunians are always looking for sponsors. "The mummies have their own bank account," says Dr Rosalie David, leader of the project and Egyptologist at the Manchester Museum, "and we hold concerts for them."

Stampolidis thinks the victim may have been a prisoner of war, executed at the funeral of the man he killed. From the style of the perfume bottle, the execution can be dated to about 750-700 BC.

This was the period, some five centuries after the probable date of the Trojan war, when Homer's epic poems were written down. The execution remains discovered on Crete vividly recall the scene in the Iliad where Achilles, the Greek hero, buries his friend Patroclus on a huge funeral pyre, after sitting the throats of "twelve noble sons of great-hearted Trojans" in revenge for his death.

The ritual of execution in early Greece was elaborate. A virgin brought water in a jar to dampen the whetstone, the knife used to decapitate the victim had to be broken and immediately discarded. If Patroclus' burial is anything to go by, Nikos Stampolidis may find more human victims this summer when he uncovers the rest of the pyre.

"Perhaps we shouldn't be so surprised to discover that some of Homer's descriptions of the Trojan war were really drawn from contemporary Greek life."

## As They Say in Europe

# The missing ministers

ONE thing you have to say about the German foreign minister, Hans-Dietrich Genscher, is that he always knows when to move on. He quit the coalition with the Social Democrats ten years ago when they looked in trouble, and now he has left Chancellor Kohl in the lurch. As the German Press agency, DPA, put it, his resignation could not have come at a worse time for the Chancellor, who was facing the first large national strike in nearly 20 years, the rise of something nasty on the right and a general pessimism about almost everything.

So the *Frankfurter Allgemeine Zeitung* wrote: "An era in Germany's post-war history is coming to an end, an era which was linked to the name of Hans-Dietrich Genscher. Like nobody else, he embodied continuity over the years."

Germany's problems might have been expected to add to the pleasure of nations: the media in neighbouring countries find it hard to conceal their true feelings when Germany faces the kind of trouble that normally afflicts them. But under an editorial entitled, "The price of reunification," *Le Figaro*, Georges Siffert said the price was being paid by everybody. "If the German government gives in [to the strikers], we should not have any illusions." It would mean the end of the hopes of lower interest rates and maybe worse than that. Siffert quoted Thomas Mann who said: "Germany shows their lack of maturity in times of trouble."

One country that seems to show some maturity at such times is Russia. At least that is what the deputy prime minister Yegor Gaidar told all of us who had assembled in Washington at his country was admitted to the IMF and World Bank. We thought his confidence seemed to border on complacency, but that attitude was shared by his country's media. *Nezavisimaya Gazeta* said western warnings about backsliding over tough fiscal policies were made for "educational purposes." The warnings were not meant for national leaders but for their opponents and supporters. "In fact, the readiness of western partners to share their views with the reformers' team is much more vigorous than necessary." In other words, please do not bother us with your troubles.

The hero of the last IMF meeting was Grigory Yavlinsky — the top Russian economist of 1991. He disappeared

with Gorbachev but popped up in *Komsomolskaya Pravda*. The Russian insouciance was apparent when he wrote about the Group of Seven aid package that had been promised as a result of IMF approval for Russian policies: "The \$24bn assistance might prove very useful, but only if the country knows how to use the assistance. If the government is not efficient, wise and reasonable in its use of the credits, they may bring serious losses. The trust of the people, not the money, is at stake now."

Germany and Russia may have dominated the international stage last week but that did not mean nobody else had troubles. Most problems turn up at IMF meetings but few noticed the appalling state of affairs in the Netherlands, or its consequences. The country has an income policy but it collapsed last week and this meant the Dutch finance minister, Wim Kok, could not turn to IMF vital meetings. The Dutch have been complaining for years about the way they are left out of the international decision-making process. The one forum they do attend is what is irrationally known as the Group of 10, which consists of 11 countries. It was this group which gave the formal go-ahead to the western effort to stabilise the ruble and much else. Kok missed other meetings too. So in *NRC Handelsblad*, Roel Janssen wrote: "Both at the EC finance ministers' meeting where aid to non-Russia was discussed and at the G-10 which took an important decision for the first time in years, no minister from the Netherlands was there."

The development aid minister, Jan Pronk, was asked about Kok's failure to come to Washington at the one time he could have made an impact. Jos Ter-Horst of the *Algemeen Dagblad* quoted the reply: "His absence is an investment in his future presence."

There was an unusual event in Warsaw last week. Piotr Wojcik, who is deputy-speaker of the Sejm, the parliament, took part in a demonstration against parliament. Zygmunt Wozniak said this was an example of political schizophrenia. "In politics, it is not enough to have rights. You have to persuade voters about these rights. But it does not mean that in constructing a strong and sovereign Poland, parliamentarians should demonstrate against parliament."

James Morgan

■ James Morgan is economics correspondent of the BBC

ANCIENT whodunnit has a special fascination, particularly when the gentle scraping of an archaeologist's trowel unexpectedly reveals the murder victim.

Nikos Stampolidis has been excavating an early Greek cemetery at Eleutherna, in the western foothills of Mount Ida on the island of Crete: "a site full of surprises," as he puts it. Not the least of these is a striking connection between his grisly find and a famous burial ceremony conducted outside Troy, the ancient city described in Homer's Iliad.

The city of Eleutherna, built in a splendid defensive position on a long narrow hill cut off by a ravine on each side, flourished from the 11th century BC until the Romans conquered Crete.

In the 1920s British archaeologists found several striking pieces of sculpture of the archaic period. When the University of Crete resumed excavations there in the mid-1980s, Doctor Stampolidis decided to dig on the steep western slope.

He unearthed more statue fragments — some built into terracing for the olive groves which now cover the

# Echoes of Achilles haunt this ancient mystery

Kerin Hope investigates the evidence for a murder most foul

hill — suggesting that Eleutherna was an important centre of early Greek art. The leg of a finely carved "kouros," a nude figure of a young man, dates from the 6th century BC. It is made of local limestone, and would have stood almost six feet high.

Four small, delicately worked ivory heads of figurines, perhaps gods or heroes, date from a century earlier. These were found in one of a bewildering array of burials in the cemetery, which was used by generations of city-dwellers from the 10th to the 6th century BC.

Children were often buried in pithoi: Ali Baba-style jars used for storing oil or honey. Many adults were cremated on funeral pyres built of neatly stacked logs of pine or

cypress. Nikos Stampolidis says: "They wore their best clothes and their jewellery; they were surrounded by offerings and household goods. Afterwards the bones were collected and cleaned, then preserved in a covered jar."

Last summer, while cleaning the remains of one pyre, the excavators revealed part of another, more extravagant cremation: "a rich, important man, judging from the bones of goats and cattle and a pair of ox horns that were found — all slaughtered for the burial."

From one side of the pyre came a surprising find: a curving line of human vertebrae. Beside it lay a whetstone, a perfume bottle and the neck of a broken water jar. The leg

bones were burned, and the skull was missing. "Instead we found a double-edged iron knife, broken. It would have been about 12 inches long." Studies of the bones by Tina McGee, a British expert, showed that the headless man was about 40 years old and powerfully built. His spine was forced into an unnatural curve — apparently because his arms were tightly bound behind his back, perhaps with a piece of wood thrust in between, to pull back his head. His throat had been cut. "The man was killed in a kneeling position, and fell on to his right side. I think his head was probably tossed on to the centre of the pyre."

Was it an expiatory sacrifice, an execution, or a ritual revenge killing?

Stampolidis thinks the victim may have been a prisoner of war, executed at the funeral of the man he killed. From the style of the perfume bottle, the execution can be dated to about 750-700 BC.

This was the period, some five centuries after the probable date of the Trojan war, when Homer's epic poems were written down. The execution remains discovered on Crete vividly recall the scene in the Iliad where Achilles, the Greek hero, buries his friend Patroclus on a huge funeral pyre, after sitting the throats of "twelve noble sons of great-hearted Trojans" in revenge for his death.

The ritual of execution in early Greece was elaborate. A virgin brought water in a jar to dampen the whetstone, the knife used to decapitate the victim had to be broken and immediately discarded. If Patroclus' burial is anything to go by, Nikos Stampolidis may find more human victims this summer when he uncovers the rest of the pyre.



## HOW TO SPEND IT

## The best platform for dancefloor poseurs

Alice Rawsthorn on the shoe sculptures of Michel Perry

IF YOU glance around any of the hot Paris nightclubs, such as the Folies Pigalle or Les Bains, it sometimes seems as though every self-respecting girl on the dancefloor is wearing a pair of Michel Perry platform shoes.

Perry used to be one of the best kept secrets in Paris. For years the fashion parties and art openings in the city have been packed with Parisiennes about in his spindly athletic shoes. Now he sells his shoes further afield to shops such as Joseph in London and Barney's in New York.

What makes the 42-year-old Perry different from most of the current crop of fashionable shoe designers is that he does not design for a particular type of woman. "It's a question of spirit, of attitude," he says. "My shoes are for women of all ages, from girls of 17 to women in their 50s."

The cast list of his customers bears this out. The funkier styles are snapped up by super-models, such as Naomi Campbell and Claudia Schiffer, or by the new genera-

tion of French stars, like Vanessa Paradis, the pouting "sweetiepie" in Chantal's Coco commercial. But Elizabeth Taylor, a star of a very different vintage, picked up a pair of Michel Perry's while she was shopping in New York.

His collection is certainly eclectic. The spring range, now being sold from his pretty pink and yellow shops on the rue de Grenelle in St Germain and rue de Turbigo near Les Halles, includes elegant 50s stilettos and dainty mules which could be worn anywhere, however smart, as well as the platforms.

Perry sees his shoes as "archetypally French, very sexy, always elegant but with a witty twist". He takes classic styles such as mules or stilettos and makes them in new colours - pale pinks for this season with distinctive heels in square or circular shapes. His designs are always idiosyncratic, but never too much so. "I like my shoes to be witty, but never to the point of caricature like some of the young English designers."

Each collection has a different theme. This summer he was inspired by images of "haute couture in the late 1950s" and the "elegance of Paris after the war". For next autumn, he has gone for a "more decadent look, a little Moulin Rouge, a little Baroque" with high-heeled boots embellished with the sort of buckles and straps which would not look too out of place in the shop windows of the seedy Saint Denis district near his rue Turbigo shop, and a "Roman Holiday" range of dapper brogues with flat heels and very, very pointed toes.

His prices are about the same as those of his compatriots, Robert Clergerie and Stephane Kérian, at around £150 a pair, and his shoes are made to a similar standard. All his shoes are made in the same factory near Venice that he has worked with for ten years. "It's an artisan *sophistication*, not too big and not too small. My shoes designs have so many little details that the shoes are difficult to make. It is the only place I've ever found that can



Best foot forward: some of Michel Perry's footwear fantaisique

## A cut-price trove of solid silver bounty

IF YOU are looking for a present - whether for a wedding, a christening, a birthday or an anniversary - it is worth taking a look at the mail-order company Silver Direct.

A selection of its silverware is pictured below. Nothing it sells is startling. You will not find in its brochure anything to amaze or wonder at. What you will find is solid, dependable, classic (if not staid) pieces at very affordable prices. Silver Direct sells fine-quality silver made into the sort of everyday articles that most people want at prices that it claims are considerably lower than most retailers - and a quick check reveals its claims to be true.

For example, some admirably plain cutlery - Rat Tail design - selling at £50 for a place setting (table knife, fork, spoon, desert knife, fork and spoon) in silver-plate and at £258 a place-setting in sterling silver sells in another department for £107 for silver plate and £254 for sterling silver. Other classic patterns - Old English, Kings, Queens, Fiddle Thread and Shell, Albany,

Dunbar and St. James - are also available.

Then there are hip flasks (£165) and pillboxes (£45), a plain square silver-plated photograph frame (3 1/2 ins by 2 1/2 ins £16), silver and gilt 12 bore salt and pepper shakers (£129), pure silver military brushes and combs (£165) and all the other appurtenances deemed essential to the solid bourgeois life.

On the more glamorous front there is also a selection of jewellery - safe and accessible as you would expect (Russian bangles, twisted knot earrings) but nonetheless good value. Nothing in the brochure costs more than £500.

Part of the reason prices are good is that Silver Direct does not hold a lot of stock, so orders take between one week and a month to arrive. The other reason is that Silver Direct has low overheads, no city centre rents and few staff. For a brochure write to Silver Direct, 3 Grosvenor Place, Grosvenor Road, London SW11 5PL. Tel: 071-228-0634.

LvdP



## Pearls with added culture

AS THE price of real pearls soars beyond the reach of all but the rich, Western promoters, and as even cultured pearls are becoming increasingly expensive, Cobra & Bellamy has developed a stunning range of faux glass pearls.

What makes its range more interesting than most is that they are used with great generosity - no timid little rows of sedate pretend-real bangles, these are generous strings of slightly irregularly shaped Baroque beads given special panache by the clasp, all of which are copies of originals from the 1920s.

Most of the cheaper strings

of fakes in department stores are spoiled by their colour - too bright and too white (usually plastic) and by the give-away cheapness of the clasps. The Cobra & Bellamy "pearls" are glass beads with a nacreous coating which gives very realistically the iridescent sheen of real pearls. The clasps are equally false but equally bold - faux carved emerald and paste, faux ruby and paste, faux jade and paste stones are used to create distinctive designs which give zest to the whole string.

Cobra & Bellamy find that though many of its customers are the sort one might expect to wear only "real" jewellery, they buy these strings because

they feel so much easier walking around wearing something that cost a few hundred as opposed to thousands of pounds.

The two strings and clasps photographed here cost £680 for the five row necklace with a faux carved emerald and paste clasp set in silver. If the pearls were cultured and the clasp real they would probably cost £20,000. The three-row necklace has a clasp of faux jade and paste stones set in silver and costs £380.

Cobra & Bellamy is at 149, Sloane Street, London SW1 and at Liberty, Regent Street, London W1.

Lucia van der Post

## Tying and dyeing in the studio

Hilary de Boerr enjoys an eclectic range of crafts and textiles

LIVINGSTONE Studio is the sort of place you could spend ages in, simply admiring the craftsmanship and design of traditional and contemporary textiles.

The white-washed walls of the Hampstead, London, gallery are adorned with exquisite garments fashioned from fine cotton, linen and Indian silks. An eclectic collection of artefacts - such as boldly coloured tapestries, hand-crafted wooden bowls and platters, and individually designed

plant-holders - is scattered about, complementing the clothing. The high ceilings and many windows enhance the viewing.

For lovers of art and fashion this could well be the ultimate shopping experience.

There are no shop assistants hovering around - you can look at your leisure just as you would observe paintings in a gallery. But should you want to know more about the exclusive range of items, owners Inge Cordsen and Kate Crofield will give a guided tour.

"Just look at the traditional tie and dye work here," says Cordsen, displaying a pale gold Indian silk dress which appears to be finely embroidered. Closer inspection reveals no stitching - hours of detailed tying and dyeing have produced an amazing effect of design and texture.

For intricate stitching, Cordsen shows off hand-made silk applique outfit, comprising coat, dress and trousers. Their most expensive item, at £1,147, is a delight to examine and touch.

With Livingstone Studio, Cordfield and Cordsen did what they were strongly advised against doing - opened their doors to the public in the recession.

Last year, the two embarked on nine months of research - including a three-month

business course for Cordfield and five weeks travelling around India in search of hand-woven silks, antique shawls and colourful village handicrafts. In October they had their first exhibition.

Their third exhibition, now under way, features their spring and summer clothes collection. "Indigo and ivory" combines textiles and garments of natural colours and dyes, hand-woven cottons and silks, quilts and cushions, antique English linens and lace. Space is also devoted to the work of young British textile artists.

Clothing prices start at £55 for a hand-finished cotton blouse with hand-made buttons. A 17th century lace shawl costs £250, cashmere and silk scarves £180, a raw silk skirt and jacket about £365.

Some clothing items can be made to order and a selection of fabrics is for sale.

German-born Cordsen has been designing textiles and knitwear since leaving art college in the mid-1960s. Customers for her knitwear range - a business operated separately from the studio - include Liberty's, Harrods and companies in Italy and Japan.

Crofield specialises in collecting antique garments and textiles. The studio's second exhibition featured 19th century textiles and artefacts from the Sarakatsani nomadic shepherds in the Balkans, some of which are still on show.

Livingstone Studio, 36 New End Square, London NW3 1LS. Tel: 071-431-6311. Wed-Fri 10 am-5 pm. Weekends 2 pm-5 pm.



Hand-drawn cushion covers in Livingstone studio, Hampstead



## Rembrandt: images for the masses

IF YOU have seen either of the Rembrandt exhibitions currently showing in London - whether the paintings and etchings at the new Sainsbury Wing of the National Gallery, or the drawings at the British Museum - you are likely to have come away with images that you will remember for ever.

Few of us are in the genuine Rembrandt-owning league, but there are now fine techniques for reproducing some of the images and the Quinessa Art Collection has produced some exceptionally fine facsimiles of a few of the Rembrandt drawings on show.

The prints come beautifully mounted in cream and sepia. All come with relevant curatorial information and the imprimature of British

Museum approval attached to the back, and prices are exceedingly reasonable.

Two women teaching a child to walk - an exceptionally tender drawing and one of my favourites, photographed above - measures 10 ins by 9 ins and costs £33, mounted but unframed, £59 framed. Other favourites are the Study of a Lioness (15 ins by 11 ins, £40 mounted, £52 framed), and Study of a Girl Sleeping (13 ins by 15 ins, £47 mounted, £54 framed). From the British Museum gift shop, The Victoria & Albert Museum gift shop, The General Trading Company and Fortnum & Mason's Stationery Department.

LvdP



Kate Crofield (left) and Inge Cordsen in the gallery at Livingstone studio

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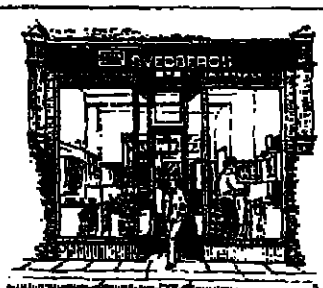
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## SPORT AND MOTORING

Racing/Mark Popham

## Two billionaires and their wonder horse

**A**LLEN Paulson is an aerospace magnate whose humble beginnings on a Iowa farm in Depression America have been translated into significant wealth. Sheikh Mohammed is one of the four Maktoum brothers who rule Dubai, the United Arab Emirates state which has been transformed in the last 30 years through oil.

What both have in common, apart from wealth, is a passion for horseracing. Each owns half of Arazi, potentially the most exciting horse seen anywhere for 30 years or more.

Arazi is a small three-year-old who moves incredibly easily and has won all but the first of his nine races, eclipsing the best horses in Europe and the US. Today Arazi faces his toughest test in America's most prestigious race, the Kentucky Derby, worth \$865,000 (\$550,000 to the winner and run over 1 1/4 miles on the dirt before 125,000 fans at Churchill Downs race course, Louisville, Kentucky.

The French-trained colt is expected to win even though he faces up to 18 opponents. British bookmakers quote him the 4-7 favourite. Arazi would be the first European-trained horse to win the Kentucky Derby, run today for the 118th time.

Not many have tried. The US media - 1,250 turf scribes have press accreditation at Churchill Downs - are staggered that a Euro-

pean horse, used to racing on grass and trained differently, is set to take their top race.

Paulson, who bought Arazi for \$350,000 as a foal, at the key Keeneland Sales in Lexington, Kentucky, and routinely has horses trained in France, insisted that the young horse fly to the US to challenge for the race he has always dreamt of winning.

He got his way, in spite of selling \$2m to Sheikh Mohammed, who, with his brothers, has built up the greatest racing and breeding empire ever seen.

The sale was completed before Arazi made his first trip to Churchill Downs last November for the \$1m Breeders' Cup Juvenile, in which he came from last to first with amazing ease, gaining a reputation as a wonder horse.

If Arazi is successful today (the race starts at 10.30pm UK time), Paulson wants the colt, sired by Blushing Groom, to stay in America for the remaining Triple Crown races, the Preakness on May 16 and the Belmont on June 6.

On the other hand, Sheikh Mohammed has not won an Espoon Derby, in spite of his enormous expenditure on thoroughbreds, and thinks Arazi should return to Europe to challenge for the world's most famous flat race, on June 3.

The man in the middle of this dispute is French trainer Francois

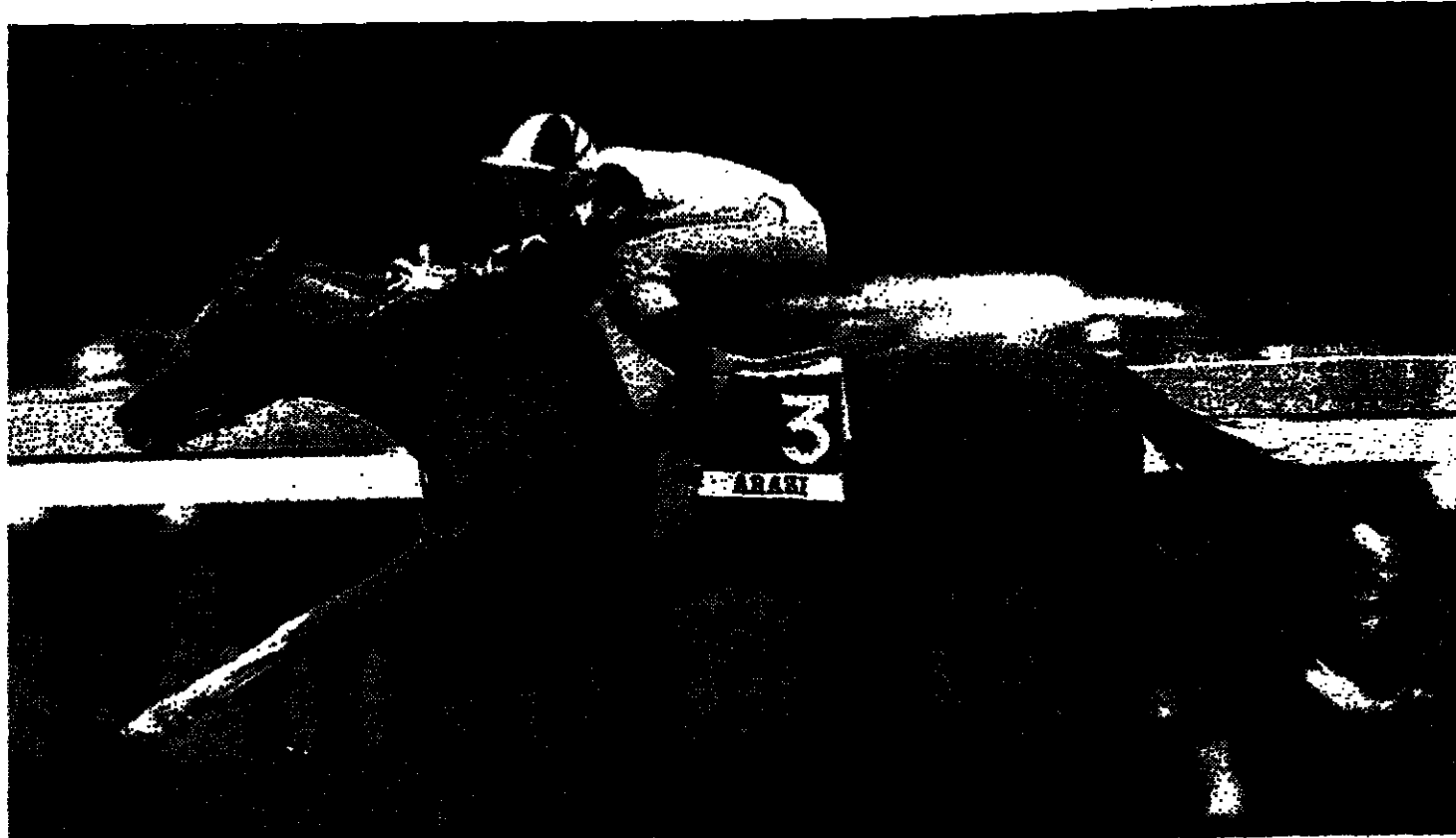
Boutin, who insists on speaking his native language to the US press, although he has quite adequate English. He has the last say according to the contract between the two partners.

Paulson, 70, and Sheikh Mohammed, 42, are very different sorts. The former is an entrepreneur who started out as a 30 cents-an-hour aircraft mechanic and became a pilot before making his first fortune in the aircraft spares market and going on to buy Gulfstream Aerospace, which makes luxury corporate jets, for \$62m in 1978.

Paulson turned Gulfstream round, took it public in 1983 and sold it to Chrysler for \$638m in 1985. He remained chief executive and repurchased the company when Chrysler ran into problems in 1990. Ironically, Chrysler sponsors the \$2m Triple Crown Bonus for any horse that can win the Kentucky Derby, Preakness and Belmont in the same year.

Paulson's philosophy is to work harder than rivals, take opportunities when he can and not dwell on mistakes. He is happy to be in the public eye. His partner in Arazi, Sheikh Mohammed, who is always surrounded by advisers and friends, shies from attention.

They met at Keeneland Sales in the early 1980s when both vied to buy the best foals and yearlings on offer, happily spending millions of



Colt with the firepower: Arazi is expected to blow away the field in the Kentucky Derby today

dollars. Paulson, who has splashed out about \$150m on thoroughbreds and has 200 horses in training, says: "The sales are a bit like going to Las Vegas. It's a gamble and it's exciting. I like the whole atmosphere and I also like to be there when my money is being spent."

"When I first got into the horse business in the 1960s, I didn't have the money to do it right. When we had some success at Gulfstream, however, I decided the time was right."

The Maktoum brothers have spent nearly \$400m at Keeneland's main sale (in July) since 1980, also buying privately and at other sales worldwide. They buy both horses and aircraft from Paulson.

Sheikh Mohammed, the third but dominant brother of Dubai's royal family, was educated largely in Britain and has never had money troubles. He has more horses in training worldwide - 800 - than anyone, and more than that again in his breeding operation, based

mainly in Britain and Ireland. Because of the prize money structure, US owners have a chance of making racing pay, something which is almost impossible in Britain, where Sheikh Mohammed has most of his horses in training.

Paulson regards racing as business-cum-enjoyable-hobby, whereas Sheikh Mohammed, the defence minister of the UAE, prefers to see racing as a sport.

The bloodstock market may have been in the doldrums for the last

five years, but Sheikh Mohammed's pursuit of excellence has not slackened. This is much to the relief of the Kentucky breeding industry, which has provided 89 of the 117 Kentucky Derby winners and was responsible for Arazi.

Both Arazi's owners have established huge brood mare bands, and soon will be hoping to breed another Arazi. But horses like Arazi emerge once in 30 - perhaps once in 50 - years, as today's great Kentucky race is likely to confirm.

Rugby/John Hopkins

## Two clubs who have cracked their codes

**T**HERE ARE not many days when I am torn between watching rugby union or rugby league but today is one of them. This afternoon I could see the two outstanding teams at their respective codes in action a few miles from one another: Bath at Twickenham, where they will try to win the rugby union Pilkington Cup a week after they wrapped up the league; and Wigan at Wembley, where they will do the double if they defeat Castleford in the Silk Cut Challenge Cup, having already won the championship.

Bath and Wigan are 250 miles apart yet joined by their outstanding success in recent years at the two codes of the oval ball game. Bath have been the dominant union club in England since the election before the election before last. This is their seventh Cup final; they have won the previous six. They have won the league title three times.

Wigan have found success at rugby league more recently. At the start of the 1980s they were in division two and facing bankruptcy. Such is their transformation that if they win today it will be the first year in a row that they have collected both of League's top prizes the Challenge Cup

and the Stones Bitter Championship. Indeed, it will be their fifth successive Challenge Cup.

The success of Bath and Wigan is often attributed to players and officials. Invariably, however, there is one man who is ciling the wheels, whose thinking sets the patterns, who can be regarded as the moving force of the club.

At Bath it is Jack Rowell, the club's chief coach, who was recently appointed coach of England's B squad. Rowell commands respect from his players while retaining his distance from them. "An hour with him is worth five with anyone else," a supporter said. Why? "He talks such good sense. He has one of the quickest minds I have ever come across."

Rowell's work at Bath is in his free time, unpaid and voluntary. Rugby union is an amateur game but it has not stopped him bringing the management techniques and

skill he employs as chief executive of Golden Wonder Foods to the Recreation Field. He works tirelessly with his players, improving their individual skills, making them more rounded players and thereby of more use to Bath, making them what Wigan's chairman refers to as the complete product.

Take Jim Fallon as an example. At Bath he has matured into one of the finest left wings in the country, fast and, at nearly 15 stone, strong enough to barrel his way past others. Victor Ubogu, the prop, is another who has been brought on. As for Ben Clarke, the No 8 who joined from Saracens, he may now be the best No 8 in English rugby.

Waiting in the wings are young men like John Mallett, the prop, and Audley Lumis, the full back. One of the reasons for Rowell's success as a businessman is his success with people. He is a natural peda-

gogue, a born teacher and in the past 15 years at Bath he has worked the oracle with successive captains, from Roger Spurrell to Simon Halliday and now Stuart Barnes.

The man behind Wigan's rise achieved nothing as a player. For Maurice Lindsay, Wigan was a cause he wanted to take up. He had the money following the sale of his bookmaking business and the club was ready for a dose of his cheerful common sense and financial sense and commitment. Ring Wigan in the early evening after the office staff have gone and it is likely to be Lindsay who answers the telephone.

He is running a multi-million pound business. The players earn an average of £90,000; the minimum is £45,000, including bonuses; the players are expected to receive nearly £2m this season.

To meet this bill and other costs, an income of £3m is needed. Norweb (the

North West Electricity Board) is the club's main sponsor. Wigan were always well-supported. Their average gate is more than 15,000, twice as many as any other League club except Leeds and an astonishing tribute to the fans and to the players. Thus match receipts make a significant contribution towards the annual running costs of the club, as do a nightclub, smaller sponsors and a shop selling associated products.

One of Lindsay's shrewdest decisions was to bring first the New Zealander Graham Lowe and now John Monie from Australia as coaches. These two men were at the cutting edge of the game in the Antipodes. Their success with Wigan has tilted the balance of power towards northern Europe. In the vocational aspect of his work, Monie echoes Rowell. "I try to educate players to the game, to understand themselves and their team mates. I'd like

to think that when I leave here they should all know enough to go on and become coaches."

At Bath, Rowell has developed a blueprint that has withstood the scrutiny and copying of coaching administrators at other clubs, such as Barry Corless at Northampton. "Orrell is a match for us in commitment, Northampton. In the way they have got the club organised," says Stuart Barnes, Bath's captain. "But at the moment and for the foreseeable future we have that ruthless edge in will and determination." There is no sign of this waning. They have lost only two league matches at home since the league's inception.

For that matter, Wigan are in no danger of losing their dominance in rugby league. Their crushing victory over Warrington last Sunday was their 22nd victory in a row. Thirteen of their players will tour Australasia with Great Britain this summer, the highest total ever from one club.

Wigan have swept every trophy except for the Premier trophy, and they could win that this year. The double was rare enough until they first did it two seasons ago. A treble would be unheard of, fantastic. But then Wigan are just that, fantastic. Rugby Union could learn a lot from them.

Motoring/Stuart Marshall

## Ferrari: the ultimate executive toy

**C**AR MAKERS, keen to let motoring correspondents try their latest products well away from radars and flashing blue lights, often let them loose on private circuits.

It is lovely idea, but it sometimes ends with the makers shooting themselves in the foot.

A car may ride superbly and have courtly manners on the road. Driven unrealistically hard on a track it can feel blameworthy soft, cart-horse clumsy and desperately unhappy.

Conversely, one that goes like a dream on a circuit might prove insufferable on a long journey because the tyres would thump and roar badly enough to put dental fillings at risk and make radio listening impossible. To all but fanatical enthusiasts, these things matter.

So what does a motoring journalist do? First, hope the new model is to be launched in Germany, where much of the autobahn is still free of speed limits though a 130 kph (81 mph) maximum is recommended.

Another option, of course, is to enjoy, and then largely forget, a bash round a circuit. A third is to break the law on public roads in the service of one's readers and hope for the best. This I consider no longer acceptable. I am not sure that it ever was acceptable, although all of us did it when roads were less crowded and penalty points had not been invented.

But there are exceptions to every rule. The car I sampled in Italy a couple of weeks ago was absolutely wonderful to drive on a private circuit because it was the only place one could possibly begin to

appreciate its potential.

It was a Ferrari; the new 512 TR coupé developed from the Testarossa. It looked purposeful, even intimidating. Rather like one of those US spy aircraft that fly to the edge of space at twice the speed of sound. On the company's own test track I discovered at last what it was like to drive a Ferrari untroubled by conscience or inhibited by fear of getting caught.

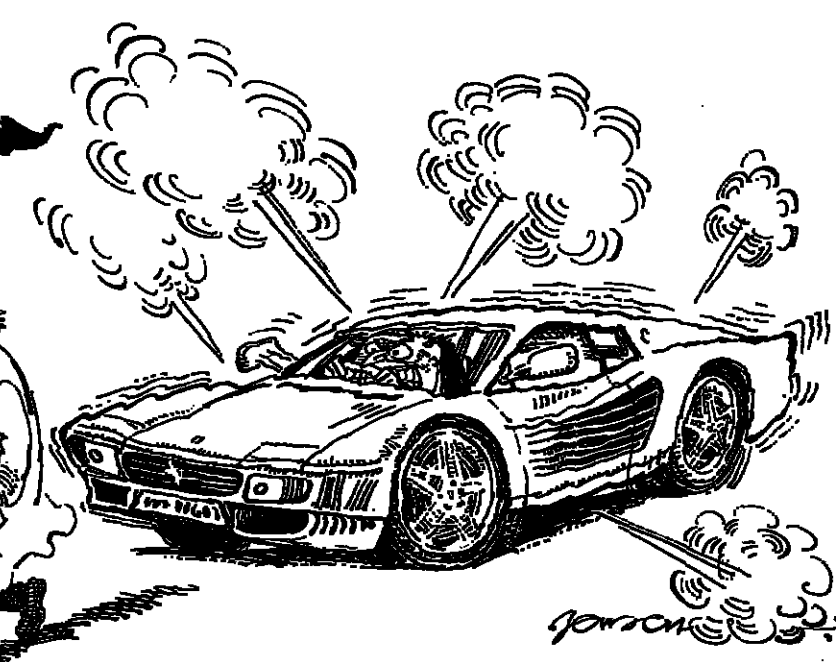
While clearly a very close relative of the Testarossa, the 512 TR has been improved in every department. The 12-cylinder "boxer" (horizontally opposed) engine located behind the seats has been developed to deliver an awe-inspiring 422 horsepower at 6,750 rpm. Yet the clutch is surprisingly light and the ride, on a smooth track at any rate, far less harsh than a Testarossa's.

When you give the 512 TR its head and the tachometer needle swings round the dial, the acceleration is not just urgent but violent. The traditional Ferrari exhaust note - a cross between the bellowing of an enraged bull and the sound of a sail splitting - has been muted. Massive catalytic converters needed to make it usable in places like the US and Switzerland are to blame. At the end of the short straight I had to brake hard at about 125 mph (200 kph) for a series of right- and left-hand bends ranging from first or second gear hairpins to sweeping third-gear curves.

By comparison with Ferrari

test driver Dario Benuzzi, who showed me how it should be done in an even faster Ferrari F40, I was driving the 512 TR quite gently. He left his braking later than I would have dared, peaking at 135 mph (217 kph) on the straight. And he powered his car through the bends far more quickly and smoothly than I could, steering as much with the throttle as by turning the wheel.

Even so, I was able for the first time to appreciate the design and engineering excellence of a Ferrari. Sadly, little of this is revealed on public roads. On the autobahn, I have driven Ferrari Boxer Berlinettas and Testarossas at over 160 mph (260 kph). It was exciting, of course, but gave one little idea of the enormous reserves of handling and roadholding - though it did of the braking - so expensively built into these cars.



On normal roads full of traffic, I have reckoned Testarossa, which is more than 6 ft (1.97 m) wide unpleasantly bulky and been bothered by poor all-round visibility from the driving seat. Unless one

changed gear with great care, there was a slight crunch every time. The lever still works in a miniature version of the gate found in old Scammell lorries.

Before driving the 512 TR I had a look round the nearby Maranello factory. It was an education. I had imagined a cottage industry operation. But since Ferrari was taken over by Fiat four years ago, money by the bucketful has been spent on equipping it with the world's finest machine tools and new production facilities. By any normal business

standards, it cannot possibly be economic, because only 4,000 Ferraris are made each year. This is partly to keep the market hungry. But if cars are produced to aerospace tolerances - which Ferraris are - high volumes are neither possible nor desirable.

Although control ultimately rests with its Fiat paymasters, Ferrari is left to run its own affairs. Gruppo Fiat clearly sees it as the brightest jewel in its crown. It hopes that its mainstream products - the Cinquecentos and Tempras, Lancia Dedras and Themras,

Alfa Romeo 155s and 164s - will bask in Ferrari's reflected glory.

All of which begs a crucial question. When one has bought a Ferrari (prices from about \$66,000 for a 3.4 litre V8 Mondial to over £200,000 for the F40, which is just going out of production) what can one actually do with it?

A scarlet Ferrari - the colour chosen by 90 per cent of buyers - stands out like a sore thumb. On the rare occasions one sees a Ferrari on a British motorway it is being driven sedately, mobbed by young sales reps in speeding Ford Escorts and Astra diesel vans.

The French autoroutes (130 kph or 81 mph limited) crawl with police. There was a shock for a Ferrari owner unwise enough to drive seriously fast on a Dutch motorway recently. He was mortified to discover the law allowed the court to confiscate his car, sell it and hand the proceeds to the government.

Ferrari people privately concede that most of their cars are bought as symbols by men (and very occasionally women) eager to demonstrate their machismo or financial status or both. Rarely, if ever, are they driven in a manner that exploits the qualities so lovingly and expensively built into them.

The only way they can legally be let off the leash is through organisations like Britain's 98 Club (11 Gloucester Road, London SW7 4PP). They rent racing circuits on which

members can purge their motoring systems of frustration in a glorious, pipe-opening blast.

Ferrari recognises that the day may come when supercars like the 512 TR will no longer be road legal. Even so, it plans to replace the F40 with an even wilder dream machine and will launch a new model (not the F40 successor) at Paris Show in October. Still more are in the pipeline.

The youthful and charismatic president of Ferrari, Luca di Montezemolo, is confident demand for his cars will continue. "They are unique... and men desire them as they would a beautiful woman," he told me. And what if they cannot drive them on the road any more? "Then they will use them on a track. Our strategy will not change," he said.

I am sure he is right. But it does seem a shame that £130,000 worth of magnificent high speed machinery like a Ferrari 512 TR is really no more than the ultimate executive toy.

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## TRAVEL

# Six-legged friends in Provence

Nicholas Haslam watches a tragic mating ceremony in the Vaucluse

WE MADE AN unlikely group, gathered on a limestone outcrop high in Provence: an insurance broker, a management consultant, a retired horticultural teacher, a nurse and an executive from a large frozen food company. But then, in addition to the Barbour jackets and sunburnt faces, we had a common interest in nature. We were all curious about natural history and had signed up for a week's exploration of the vast array of natural habitats in the hills of the Vaucluse.

Our guide, Richard Vulham, was a Cornish expatriate who had moved to the region a few years before. Looking more like a Methodist lay preacher who should be striding rain-soaked moors to deliver fiery sermons in dank chapels, his enthusiasm for his chosen land knew no bounds. As we stood gazing after a long climb over steep limestone cliffs, he pointed out the extraordinary wealth of habitats that we would be exploring over the coming week.

Before us lay the high summit of Mont Ventoux, dusted by an uncharacteristically early fall of snow. In the valleys below we could dimly hear the shouts of shirt-sleeved workers, toiling in the serried vineyards, getting in the grapes for the harvest of Cotes du Rhone. "At one glance," he said, you can see the entire range of habitats in Europe, from the Arctic through to the Mediterranean. Over the next week we left no stone unturned as we peered into the secrets of the natural history of the area. With binoculars and magnifying glasses, pointed, we checked deep rocky crannies and scanned the high hill tops.

With so much to see, each day's walk was given over to a different theme or species. On the second day, for example, insects were our main target. In autumn, the hillsides were alive with insects, feeding on the nectar of the flowers. Insects had a last fling before the frosts.

Equally shamelessly, we gathered around a pair of mating mantises, and watched the smaller male meet his end in *flagrant delictu*. The female started eating him before he was halfway. "They are," said Richard, "totally indiscriminate in their prey. If anything passes in front of their eyes

that looks remotely edible, then it gets eaten."

Day three found us clambering up a steep gorge alongside a clear running river. In the heat of summer the Orveze, on its way to join the Rhone, is a popular spot for campers and tourists. Now, in autumn, the camps were deserted, the river banks uncluttered.

We were on the look out for *Ossia* fiber, more commonly known as the European beaver. I had thought the beaver long extinct in Europe, but pockets still survive in France and in fact are being reintroduced. "They are very shy animals," hissed Richard as we crept through willow thickets in hope of glimpsing the creature, or hearing the hard crack of its tail on water.

We saw no animal, unfortunately, but found plenty of traces of their activities. In one clearing by the river the willows had been felled systematically, and a large poplar lay forlornly on its side, surrounded by fresh chipplings and with the trunk grooved by the beaver's enormous incisors.

Janet, a former nurse, came across some bones in the path by the river. She pointed, and held them to Richard for close examination. "The only bones I've seen like this before," she said, "came from a human hand."

There was a general intake of breath, clearly audible over the sound of the river. Richard gave them a cursory glance. "The hind leg of a beaver," he ruled. We breathed again, but Janet carefully buried the bones and did not look too convinced.

In the evenings, we returned to a *gîte d'étape*, a converted farmhouse owned by a Provençal chef. As dusk fell over the

As dusk fell over the mountains behind us, we sat in the courtyard sipping pastis and poring over insect and plant books.

mountains behind us, we sat in the courtyard sipping pastis and poring over insect and plant books, discussing and identifying the puzzles of the day.

Around us, other walkers looked on in amazement as heated discussions about the genus of a particular plant filled the air, with complex Latin names bandied about with alarming fluency. One



Provence: an ideal place for field study holidays

French walker tipped me a wink and stage-whispered to his companion: "Mais vraiment ils sont fous, ces anglais!"

Unwittingly, the following day, we trespassed onto another French preserve. The autumn woods of Provence provide a much-prized addition to the French table, edible

away an old French farmer who looked with dismay at the plastic bags we carried, and who strode past with a surly "bonsoir." Looking back, we saw him fall upon the mushrooms when we passed him again later in the afternoon, his rucksack bulging.

Perhaps the week's high spot was our visit to the Camargue. Only 60 miles south of our base, the Camargue offers a vast number of lagoons and marshes in the delta of the Rhone. At that time of year the sky was alive with Africa-bound birds. In just a few hours we spotted more species than I had ever seen in years of casual bird watching in Britain. From the privacy of a hide we saw kingfishers swoop down and egrets and herons patrol the water's edge. Flamingoes in their hundreds sifted through the muddy waters further out in the lagoons, and long skeins of geese circled after their long flight from the north.

A certain sadness hung over us all. Unlike the birds, we

could not give way to instinct. That evening we would be leaving the hills of Provence and heading north, to grey England and his winter.

Nicholas Haslam travelled to Marseilles on British Airways, leaving at 12.17 return. His week was organised by Provençal Field Study Hol-

days of 2 Rose Cottage, Luckett, Nr. Callington, Cornwall (tel: 0579-370411), which organises tours in May, June, September, October and November. Cost, including accommodation, full board and rail transport from Victoria to Aylesbury, starts at £430, with an optional surcharge for air travel.

## Formula based on esprit

I DISCOVERED Inntravel seven years ago, soon after it began operating. It was a cross-country skiing weekend in the Swiss village of Kandersteg. In its early days, Inntravel advertised in slim black-and-white leaflets offering skiing and not much else.

Now its brochures are large, colourful and plump with suggestions for those seeking weekends or short breaks in France, Switzerland, Italy and Norway.

Inntravel is owned by Richard Hearn and his wife, Linda. Hearn used to work for Wallace Arnold, where he had already recognised a demand for short-break holidays when he decided to set up on his own. He began with Winterthur in 1984, after taking six months off to study business management on a government-aided scheme at Durham University.

He and his wife decided to make their base in Helmsley, near York, and gradually established a loyal clientele, many of whom re-book each year. They started with 500 bookings. Last year it was about 8,000. "The average age of the Inntravel holidaymaker is 45 and upwards," says Hearn. "They are usually people who were sporty in their youth but who haven't done a lot since. Even so, they like the idea of trying something new. They also want a holiday which is tailored to their needs and don't want to be part of a large group."

Some five years ago, when I first went to Kandersteg, the story was rather different. Since then, Inntravel has moved slowly up-market. Today's customers are older and richer. They insist on value for money.

Linda Hearn is a young, blue-eyed blonde who looks after three small children when she isn't dashing about Europe discovering yet another "characterful" hotel or "authentic" village. Richard Hearn is small and slight and sets out his business aims with a mix of realism and high hopes.

"At present, four of us do the travelling and we work

from one year to the next without five- or even three-year plans," says Hearn. "I still wake up and panic each morning. It will probably be a bad day when I don't but we are incredibly lucky with the hoteliers we work with. They are so enthusiastic."

It is this enthusiasm which licks Inntravel to many of the inns and family hotels it has come to consider its own. High on a hillside at Les Allisiers, in Alsace, Ella and Jacques Degouty mirror the Hearns in age and ambition. Jacques used to work for a pharmaceutical company in Paris until deciding to start a small hotel near the village where his wife was born.

Jacques likes to entertain his friends in his own restaurant as well as work there and is dangerously generous to visitors. Ella, his wife, is shy and practical. It was Ella who decided to reduce the number of hotel rooms to a handful, improving and enlarging a few, releasing time to concentrate on the restaurant. It was also Ella who trained the young chef and it is Ella who cooks on Sundays and takes the orders every evening while keeping an eye on the student waitresses.

The rooms at Les Allisiers, like many other Inntravel hotels, are clean, comfortable and unimposing. The food on the restaurant's set menu is wholesome rather than interesting. But the atmosphere is friendly, the staff helpful and everyone extremely pleasant. It is this *esprit* which makes Inntravel, and the small hotels it discovers, so successful.

Inntravel's Inn-Active Summer '92 brochure, to October 31, offers flexible holidays in France, Italy, Norway and Switzerland for those who want to travel on foot, by horse or bike. In addition, there are wine-tasting, sailing, painting and self-drive holidays. There is also a Portfolio brochure (to October 31), of fishermen's cottages, alpine farmhouses, family hotels, etc. Inntravel: The Old Station, Helmsley, York YO6 5BZ, tel: 0439-71111, fax: 0439-71070.

Nicky Smith

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## Tricky thoughts aloft

AIRCRAFT crashes in which passengers survived, plus news that last year passengers' deaths in air crashes ought to have promoted new consciousness about air safety. But they do not seem to have done so.

The annual "beauty contests" which ask newspaper and magazine readers or experts to rank airlines all relate to hills and frilleries - what sort of champagne the airline serves, how plastic the food is, whether luggage arrives safely, how wide the seats are. No-one seems to rank airlines by their safety procedures. Why?

Is it fear of libel - a fear that if you accuse an airline of neglecting proper safety procedures you might be sued, whereas if you accuse it of serving only IATA regulation cucumber sandwiches no-one bothers? Or is it fear of tempting fate - that if you point out that Qantas, for example, has never had a passenger fatality in all its years of flying, even that exemplary airline, will not thank you?

Since the Lockerbie bombing of a Pan Am 747 aircraft, airlines and airports have generally tightened their safety procedures. It is standard on both sides of the Atlantic to X-ray all luggage, whether stowed in the hold or hand-carried.

departure, India's X-ray screens are frequently fuzzy and operators more meticulous in ensuring that baggage and boarding cards have a proper stamp than in conducting effective checks.

At New Delhi last year, a disaffected catering worker was able to plant an incendiary device which was only discovered by accident.

No airline matches El Al's thoroughness either in screening passengers and their luggage or in securing the aircraft itself. Typically, airlines excuse themselves by saying that passengers would not put up with the time that El Al takes - but I would rather be subjected to El Al's professional than put up with the performance of always offhand and frequently rude questioning of British Airways or Air Canada.

A more tricky aspect is how well-maintained the aircraft is. It is not easy for a layman, even a frequent traveller, to satisfy himself that the aircraft hasn't got metal fatigue or has been checked for cracks in the engine.

Equally tricky is whether the pilots know what they are up to. It is not exactly confidence-inspiring to hear that airports have installed breathalysers to check whether pilots are drunk before going on duty. My acid test is to ask airline captains to which airlines they would entrust their wives and children. The consensus is that Qantas, Swissair, Lufthansa and Cathay Pacific come through with flying colours.

An Iraqi airforce major told me years ago that Scottish-trained pilots were the best in the world "because you are up there, you have to keep your wits about you at all times since you never know what kind of weather is going

to hit you - windshear, nasty packaged clouds, it's all so unpredictable over Scotland." These days there is the complication of whether the captain can cope with the aircraft computer. One old-time former Royal Air Force pilot said: "I pride myself that I am like a taxi driver who is in tune with his craft and can recognise the engine pitch and whether the aircraft feels alright. But I do feel a bit odd when I have to give instructions through the computer since I have no computer qualifications. Colleagues have told of hairy moments when the computer went off into its own world and

to hit you - windshear, nasty packaged clouds, it's all so unpredictable over Scotland." These days there is the complication of whether the captain can cope with the aircraft computer. One old-time former Royal Air Force pilot said: "I pride myself that I am like a taxi driver who is in tune with his craft and can recognise the engine pitch and whether the aircraft feels alright. But I do feel a bit odd when I have to give instructions through the computer since I have no computer qualifications. Colleagues have told of hairy moments when the computer went off into its own world and

Kevin Rafferty wonders about airline safety procedures

refused to accept instructions. The same captain was able to land his 747-400 safely at Heathrow in near-zero visibility because the RAF had taught him to fly on his instruments alone. The most obvious safety checks are those in the passenger cabin, yet many of the most landed beauty competition winners do not take them seriously. Most US airlines are very good, ensuring that luggage does not block exits or aisles. British Airways is conscientious in checking luggage and reassuringly repeats its video insisting that passengers smoke only when seated in a designated smoking area before and after take-off. My prize for the airline most meticulous in checking on-board safety goes to Virgin

Atlantic. Crew-members peer at every seat row to make sure hand luggage is actually under the seat or in the overhead locker. Overhead bins have been fitted with netting to ensure that luggage won't fall out even if the locker bursts open. Virgin crews get 3.5 days of emergency refresher training each year, more than many other airlines. Disappointingly, the same thoroughness does not apply to the Asian carriers which every year walk away with airline awards. Singapore Airlines, Thai International and, worst of all, Cathay Pacific, regularly do only the most routine checks, and do them inadequately.

It is common on Cathay and Singapore Airlines for passengers to stand and smoke at the rear of the aircraft, often leaning on the emergency door as they chat and drink. In Cathay's case, one reason for this behaviour is that the airline puts its youngest and most inexperienced crew at the back of the aircraft, girls who may be pretty but are scared to tell a full load of passengers to obey basic safety rules. As a hardened European steward travelling as a passenger on an Asian airline observed disdainfully: "They may be pretty girls, but how will they cope in an emergency?"

Tanked up on free liquor, perhaps we never think an emergency will happen, or, if it does, that there is anything that can be done except pray. Yet we have seen recently that it is possible to crash and break an aircraft without losing a single passenger - which ought to make us think.

Kevin Rafferty flew 400,000 kilometres last year to every continent except Antarctica.

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## COLLECTING

## Youth and beauty prepare for the new season

Susan Moore on Italy's top art and antique fairs



An oil sketch of "The Flight into Egypt" by Daniele Crespi (1597-1630) exhibited by Trinity Fine Art at the Milan Fair

**T**WO IMPORTANT international art and antique fairs take place in Italy. One, in Florence, is staged in the 15th century Palazzo Strozzi, its interior extravagantly garlanded with flowers and studded with potted trees, its gala opening, which marks the start of the autumn season, a crush of long titles and short skirts.

The younger Milan International dell'Antiquariato, a biennial event and staged in alternate years with the Palazzo Strozzi fair, takes place in the less glamorous Halls 19 and 20 of the Milan Fair Ground.

"The venue may not be so beautiful," says Franco Sabatelli, president of the Italian Federation of Art Dealers (FIMA) "but it lends itself much better to an art fair." More important, it is at the heart of the commercial centre of the wealthiest region of Italy, and one of the richest in Europe.

This year sees the 11th Milan fair (on until May 10), organised by EXPO CTS in collaboration with the Milan Chamber of Commerce and the local society of art dealers. While last September's Palazzo Strozzi fair squeezed 80 or so

dealers into its labyrinthine Renaissance interior, Milan is host to some 130, and offers spacious stands. Sabatelli is not alone in believing that the quality of exhibits will be higher than in Florence - and indeed greater than two years ago.

There are, however, a number of Italian dealers who also believe that the quality of dealer, as much as exhibit, is too uneven - a polite way of saying that too many participants are simply not up to scratch. A few have registered their dissatisfaction with the vetting procedure - always a vexed issue at Italian art fairs - by deciding not to exhibit this year.

Noticeable at this year's event, and last year's Palazzo Strozzi fair, is the growing internationalisation. From Antwerp, for instance, comes the illustrious Bernard Blondeel; Galerie St Honoré comes from Paris; Lingens from Düsseldorf; Elvira from Madrid; Bruno Scardoni from Lugano and Newhouse from New York. Most of the outsiders come from Britain: Giannino, S. Frances, Sarti, Bernard Shapiro Rare Books and Trinity Fine Art. That said, the fair remains essentially an Italian

event. Like all Italian fairs, no more than 15 per cent of exhibitors are non-Italian.

While the increased foreign participation is not universally popular - in the same way that the foreign quota at Grosvenor House displeases some of the British trade - foreign dealers bring the advantages of new blood and fresh goods to the restricted home market. So many of Italy's 70 or so regional fairs

simply show the same deck of objects constantly reshuffled. Moreover, it is a means of strengthening the selection of Old Master paintings on show, inevitably the weakest part of any Italian antiques fair. The fear of important pictures being "noticed" by the state, which would prevent them from being legally exported, discourages dealers from reproducing them in catalogues or taking them to

fairs. Milan and its newly prosperous hinterland no doubt also account for the predominance at the fair of decorative and not too demanding pictures, and of expensive Lombard furniture.

This wide-ranging fair also embraces silver and jewellery, Oriental and tribal art, ceramics and glass, 19th century painting, the 20th century sculpture and objects d'art, and carpets, tapestries

Sarti is there for the first time to show that the company sells far more than just furniture or Italian works of art. Its 48 sq m space is filled with 15th and 16th century Italian paintings; plus the lines of a Russian malachite candelabrum, a Spanish marble complete table, as well as furniture, French, Dutch, Irish and Italian. While Scardoni brings Garofalo and Mola, the French and German dealers field Northern masters.

A particular strength of the fair is its textiles, with Blondeel and S. Frances joining the ranks of F. Jossi, Halevim and Eskinazi. For some reason, northern Italy boasts a disproportionate number of the world's top carpet dealers. Even here there is diversification. Blondeel, for example, also brings Limoges enamel; Eskinazi, alongside a group of rare 18th century Eastern Turkistan rugs and classical 16th century carpets, Chinese Tang Dynasty figures and 17th century Japanese sculpture.

In 1990, the Milan fair brought in some 40,000 visitors, and more are expected this year. Added attractions are a series of lectures on collecting, with contributions from such respected art historians as Alvaro Gonzalez-Palacios and Alfonso Perez Sanchez, and guided tours (some in English) on specific aspects of collecting. The fair exhibition documents the recent restoration of the 18th century frescoes in the Capitoline of San' Ambrogio in Milan which was sponsored by FIMA. The restored frescoes will be unveiled on May 6.

*'Increased foreign participation is not universally popular in Italy. But foreign dealers bring new blood and fresh goods to the market'*

## Colnaghi returns to its Gallic roots

Nicholas Powell reports on a new venture by the famous fine art dealer

**N**EXT WEEK, ten years after opening its New York operation, the London fine art dealer Colnaghi is opening premises in Paris in an effort to prise apart the strangely undeveloped French market in Old Master paintings.

The company, starting off in a small ground floor and basement room next door to the Hotel Bristol, is in the middle of the Rue du Faubourg Saint Honoré and could not be better placed. The street may have nothing like the concentration of picture dealers found near London's Old Bond Street but Colnaghi is next door to leading furniture dealers Didier Aaron and Jean-Marie Rossi, within a few yards of the offices of Sotheby's and Philip's, and within walking distance of Christie's.

Italian emigre Paul Colnaghi founded his firm 300 years ago - a few hundred yards due east on the same street, as it happens - selling scientific instruments and books in a shop called the "Cabinet de

Physique Experimentale". The French Revolution forced him to move to London.

The director of the new gallery is Hungarian-born Christof Lázár, who worked as an investment and merchant banker before becoming the only non-Briton to join Colnaghi, nearly three years ago. Since then he has worked out of his flat next to the Bristol, testing the French market to see if it was suitable. When the Faubourg Saint Honoré premises became vacant, Colnaghi seized the opportunity.

"The fact we are opening does not mean the market is good. It's an experiment to begin with. We are starting it in a modest way and will go on to set up as a French company if it proves worthwhile. I'm not so sure we would have looked for a place on somewhere like Quai Voltaire, for example. But we would have been mad not to take these premises," Lázár said.

In this minimum-cost operation, Lázár will have only one French employee working with him. He will have to consult

the Colnaghi Library in New York and all restoration and framing will be carried out in the firm's workshops in New York and London. Lázár will look after a modest stock of 30 paintings in the ground floor room and a dozen or so drawings in the basement. Although French collectors buy mainly French works, Colnaghi's choice will mirror the range it sells elsewhere and comprises only about one third of French artists along with more difficult to sell Italian and religious subjects.

Lázár says he intends to get into the French market by getting French clients to know Colnaghi better, while also exploring both the Latin American clientele that passes through Paris, and Europeans.

Despite all its high-powered dealers in furniture and art objects, Paris has never had Old Master galleries as important as Colnaghi. Galerie Marcus, established in 1937 near the Drouot salerooms, has a large stock of charming but not quite top quality 17th to 18th century works, much

appreciated by private collectors and museum curators. Other, formerly very active, family firms like North European specialists Leegenhouek on the Quai Voltaire and French 18th century dealers Galerie Cailloux, however, have been hit hard in their ability to buy at the high prices Old Masters command on the international market.

Unlike London or New York, Paris has no organised auction season of Old Master paintings and dealers themselves are inconveniently scattered around town. But the city has potential. Eric Turquin, who has worked as an auction house expert in Old Master paintings in Paris, set up his own gallery in 1989. Bruno Meissner, the highly reputed Old Masters dealer from Zurich, opened a showroom in the city in autumn 1990, when Dutch-born Bob Haboldt, a former director of Colnaghi New York, also chose to set up an independent business on the Faubourg Saint Honoré.

"I was looking for a central base in Europe with easy

access to countries which have clients, rather than be isolated in London. To run a successful Old Masters business nowadays you need to be able to buy as well as sell and France remains one of the great sources for paintings. A lot of material in the UK is very well known, especially to the auctioneers, who generally get in there first. But here there are unknown works in people's sitting rooms, misattributed or not attributed at all," Haboldt said.

Lázár senses similar opportu-

nities. "We hope to find paintings privately and not just go through auction houses. A lot of great pictures have come from France and you still have people here who are unaware they have something of great value on their walls. And you can make more discoveries in Drouot salerooms than you ever could at Sotheby's or Christie's. In the meantime, we are getting warm support from competitors, who are very happy to see an old-established firm with an international reputation coming to Paris."

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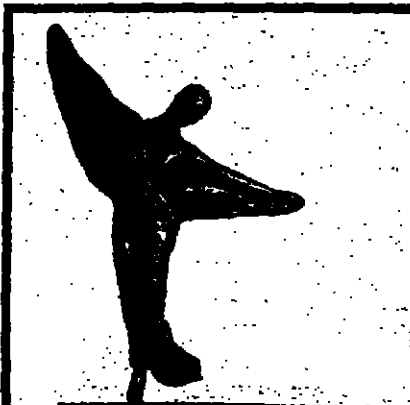
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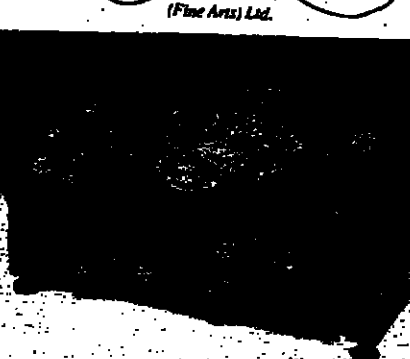
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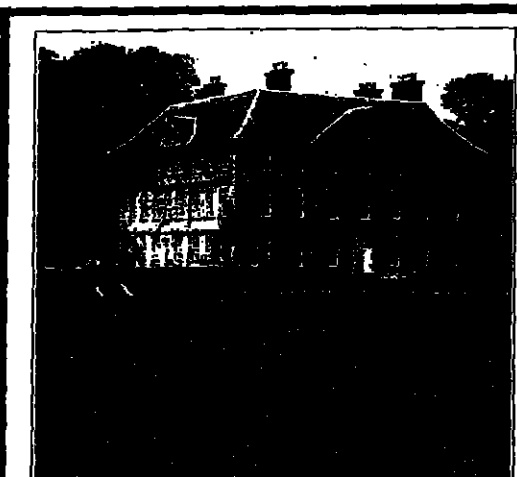
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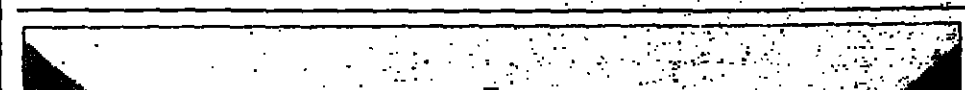
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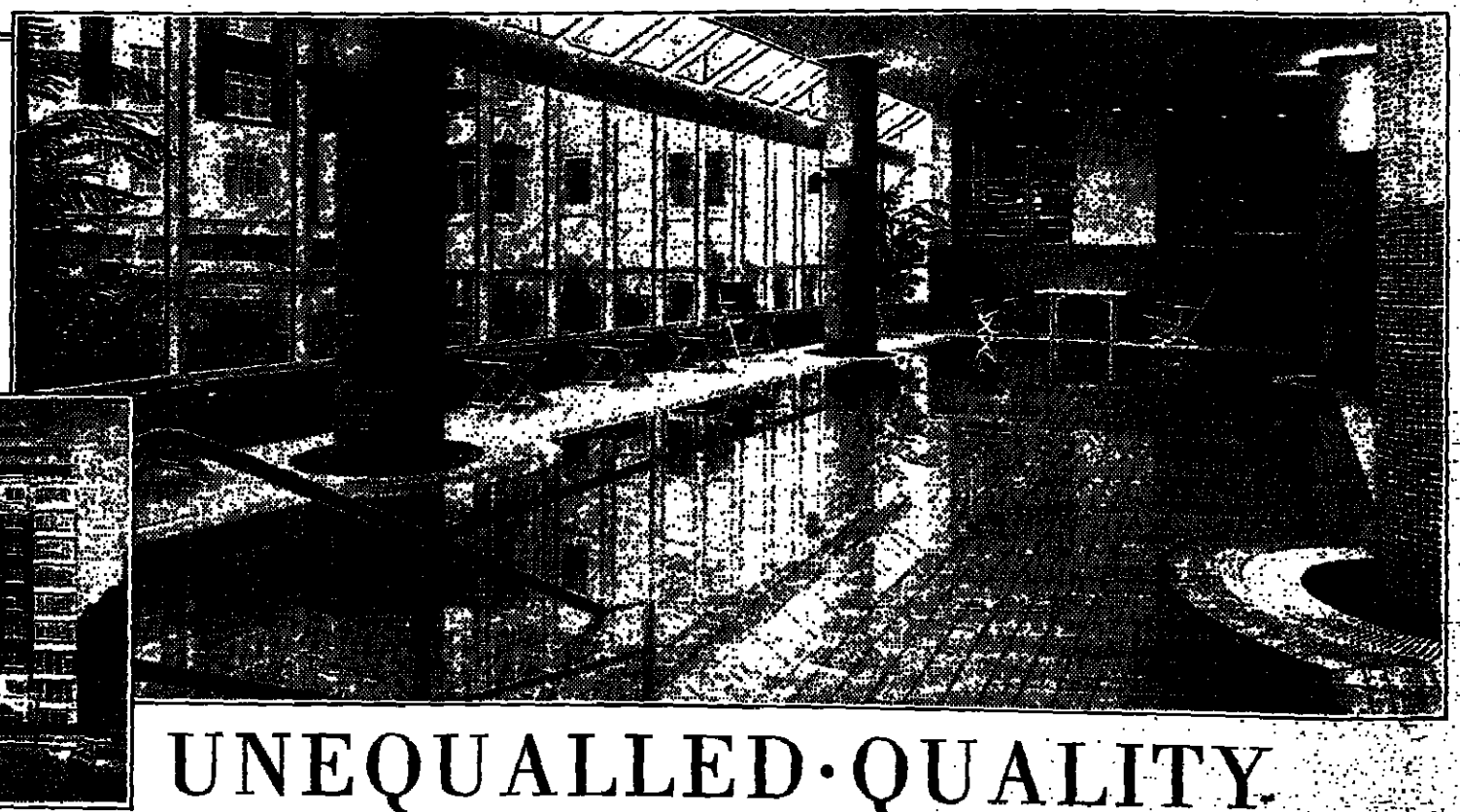
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## GARDENING



If you want a quick overall view of the show you can be lifted above it in a giant "sky shuttle"

## A blooming scrapheap

Arthur Hellyer visits the Garden Festival, Wales

THE GARDEN Festival, Wales, opened yesterday and will continue, seven days a week, until October 4. It is the last of the five great festivals that started with Liverpool eight years ago and continued at Stoke-on-Trent, Glasgow and Gateshead in the intervening years.

All have been good fun, all have reclaimed waste land and handed it back cleared and rejuvenated for further use by the community concerned and, although I do not think that any made a profit, it seems that there are no more in the pipeline. There is no time to improvise any stopgap since it takes a minimum of four years to prepare one on the scale and to the standards we have come to expect. The Wales festival has been in the making for five years.

Not only does the Welsh exhibition at Ebbw Vale fully live up to those standards but

it is unique in being the only one that occupies a naturally beautiful site. Ebbw Vale is a small industrial town with mountains on both sides. On the valley floor there used to be a large slagworks, and its associated slag heaps were a blot on the landscape.

Now only a small part of the steelworks remains, at the head of the valley, and the slag heaps are a series of beautiful gardens plus a fine lake and a medley of pavilions. When the festival is over, they will disappear to make way for a new village, to be named Victoria, which will provide both living and working opportunities.

Some features of the show will also remain, almost certainly the lake and possibly the 40 metre-high waterfall which seems to be a perfectly natural feature of the western mountain side. Gone, I imagine, will be the funicular railway which at the moment

ascends the mountain to a height of 1300ft, from which there are spectacular views of the 200-acre exhibition site.

On the way up the railway passes a working farm, part of which has been incorporated in the exhibition. Here there will be demonstrations, including sheepdog trials. In this part, too, there is a natural woodland walk and a demonstration of the flora of wetland. If you want a quicker overall view of the show you can be lifted in a few seconds about 300ft above it in a giant "sky shuttle". You can also be drawn around it at ground level in any one of three land trains, which came to Wales directly from Gateshead where they had performed a similar function.

A unique feature of this festival is a giant hothouse which has been built against the mountainside, making use of the natural steep slope of the land. There is talk of retaining this when the show is over as a permanent feature but nothing has yet been decided. Part of the endeavour after October will be to attract new industry to the site and I wonder whether any company might see a prestigious piece of publicity in retaining a feature such as this.

There is no easy railway access to Ebbw Vale as there has been to former national garden festivals and so most people will arrive by road. The signposting could not be better. I began to encounter the cheery little joker named Gryll, the festival logo, on the

M4 motorway 30 miles or more away from Ebbw Vale and he reappeared at every junction and roundabout to point the way.

At the moment the daffodils are almost over in my Sussex garden but still fully out in Wales. They got more and more numerous as I approached the site until they burst into a final frenzy of colour in the festival grounds. They had been specially retarded so that they would be at their peak for the opening ceremony.

The festival authorities intend to give special significance to certain flowers month by month: in June to the Welsh poppy; in August to a rose named Abraham Darby, after an Ebbw Vale ironmaster; and in September to the dahlia called Bishop of Llandaff. There will also be a number of spectaculars to fill the floral hall with displays of flowers and foliage throughout the festival.

Admission is £8.50 for adults and £5.50 for children and senior citizens. Concessions for groups and families are available, as are season tickets. It is open from 10 am until 7 pm during May, September and October and until 8 pm in June, July and August. For further information contact the Tourist Information Centre, Bagley Brook Bessefester Restaurant car park, Sunnycroft Road, Baglan, West Glamorgan. Tel: 0639-823049.

## Choose your weapons for the holiday weeds

The killer instinct surfaces in Robin Lane Fox

GARDENERS cannot complain at the first proper rain for months, but it is threatening to sabotage my weekend strategy. Whenever the strategy works, I recommend it involves a double act which cuts down effort and keeps me off my hands and knees.

It is rapidly approaching its last chance in the calendar. In another fortnight, border plants will have spread sideways: the first crop of weeds will have seeded itself and the enemy will be in place for a summer on the offensive.

My idea of a good May Day weekend is to launch the attack first: it is your last chance for a pre-emptive strike. Hand-weeding bogs down the troops and limits them to one sector at a time. It may appeal to your instincts for self-punishment, as if the weeds are somehow your fault. Nonetheless, resist it and reach for the sprayer instead. I have not the slightest scruples about spraying wherever possible and I look on its opponents as non-gardening fantasists who do not even have pacifism's high moral ground on their side.

Naturally, its effects depend on what you choose to spray. My armoury is twofold. It relies heavily on glyphosate, marketed in several brands, of which garden shops are most likely to sell you Tumbleweed. This brand is satisfactory if you are gardening in a small area, but in my experience it is not the strongest, is designed for amateurs whom suppliers equate wrongly with half-wits and is far too expensive for use on a larger acreage.

As a result, I buy Roundup instead. It is sold by agricultural stores and suppliers to farmers who may be half-wits but are at least thought to be professionals. It comes in bigger cans but is has greater clout and I do not mind paying £50 or so for a serious can which will see me through two or three years and behave better than any other grass-killer on the market.

Roundup takes up to two weeks to turn the leaves of undesirable shade of mildly-pleasing orange. It kills anything with grassy leaves; it wipes out couch grass; it may take two strikes to destroy a well-entrenched nettle or dandelion and it may even need three to put ground elder out of action. In the end, it was, killing diseases down to the root, unlike that relatively useless Weedol which simply scorches off the growth above ground.

Roundup's particular merit is that it kills only through the leaf, not the soil. All you have to do is to aim straight. Aiming is much easier if you use a spray-pack with an adjustable nozzle for everyday gardening. I use Killasprays and I reduce the quantities per acre on the Roundup bottle to one tablespoon per large-sized Killaspray.

If the chemical hits the soil by mistake it does it no damage whatsoever. Indeed, you can plant it up with fresh stock within half a day of rounding up the ground. All those long years of hand-cutting turf or forking out couch grass and dandelions are out of date. You can spray the lot and watch them turn a brilliant colour

fully weeded already and want to ensure against disaster. If you seal it with Weedex, you never need to waste much time on all these bits of chickweed which otherwise germinate in summer and ruin your weekends between the Derby and Royal Ascot.

To this co-ordinated armoury, alternative gardeners have no convincing answer. I have used glyphosate for years without any trace of long-term damage to myself or anything desirable. If I have a complaint about Weedex, it is quite the opposite: its protection does not always last throughout the season, especially if the year is wet.

"Organic" gardeners have

garden is damp and the rain may abate for at least six hours, the necessary interval. I am planning a major assault.

Of the other two obstacles, one is my own planning, where I will have to compromise. This weekend, I also intend to sow outdoors annuals like white flax and white cosmos daisies where I want them to flower from late July onwards. If their ground is Weeded first, they will fail totally.

Do not repeat the mistake of an over-eager reader who was so pleased with simazine in year one that he put it all over his bare flower beds in year two and then expected them to grow his light-scented stocks before he left for late August in the south of France. Chemicals cannot distinguish between an unwanted weed and a desirable tobacco plant. The only answer is to mark out safe havens where flower-seeds can germinate and hand weeding has to continue.

The last of the three obstacles is much more familiar. For the past six weeks, most of our gardens have been troubled with a tiny white-flowered weed which is often known as Bitter Cress. It thrives where the soil is slightly damp; it is about two inches high and in its own wicked way, it is one of nature's marvels.

This weekend, it is nearly mature and unless you pull it out now it will spread exuberantly by its own seed-mechanism. As soon as its seed pods are hard and straight, they are able to catapult seeds at the first touch of a human hand. It is no use trusting Roundup to destroy it because it will grow on, seed and finish the cycle before the poison works. You have to pull it out - and you have only a few last days before it has beaten you.

I rather think that in the next world, avenging angels will bury me in mounds of it. It has dogged my years of gardening, from early rock-gardening to hours with a bucket in a German botanic garden where it was pursued with Teutonic efficiency.

Botanically, Bitter Cress is a type of Cardamine, cousin to a pretty wild Ladies Smock. In popular German, it also translates as Jumping Jesus. One touch, you see, and it soars skywards, leaving thousands of future disciples on the area around the point of contact. This weekend, I am planning a real Nero of a persecution: having rounded-up the nettles and Weeded between the catmint, on Sunday morning I will be sending the last of this particular Jesus for the high jump.



before dying totally after a month.

My second weapon works on the opposite principle. Whereas Roundup hits the leaf, Weedex remains in the soil and prevents those awful crops of annual weeds. The vital ingredient here is simazine and although it is available in various brands, for flower-garden work I stick to plain Weedex, not the Super variety, and follow the instructions about particular types of crop which resist it.

It is a protective film for fresh, clean ground, but it is not a weapon against old, invasive weeds. Its proper place is on a bed which you have care-

nothing else as strong, clean and sensible as my two weapons. They are welcome to try alternative tactics for weed control, but it is no use telling me that unwanted weeds are best smothered with unwanted lengths of user-friendly old carpet.

There are only three obstacles to my double attack. The first is the most serious: it needs to be launched in showery weather. If either prong fails, it is almost always because heavy rains washed the chemicals away afterwards or a long drought stopped the plants from taking them up in time. This weekend, conditions look highly promising, as the

## Weekend FT

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## Country View / Michael Wigan

## Hunting to save the landscape

WE ARE accustomed to hearing dire news from the countryside.

Farming is highly unprofitable. EC plans to cut subsidies will make business worse. The principal land-uses are in an unhealthy state and some hill farms with arable ground are selling for the same price as unenclosed moorland.

Forestry has proved an unattractive alternative. Few farmers are prepared to risk such a long-term investment. Eco-for-estry is being encouraged by the Farm Woodland Scheme, but offers little prospect for profit.

Set-Aside, conceived as a way of reducing surpluses and satisfying environmentalists, has proved unpopular. It is applied on about 155,000 hectares, or 8 per cent of the farmable area. Farmers are given money to cease farming; where corn had grown nature was to take its course.

Nature being what it is this meant that, instead of rolling acres of wild flowers the virile and invasive weeds, nourished by fertiliser residues, crowded out everything else. Green fields were made green by fertilisers or animal manure; without them much summer grass was yellow or brown.

The commonest plant became the thistle. Farmers turned on each other when it became clear that the prime candidates for the snare of Set-Aside were either the most incompetent farmers, ageing farmers happy to be paid to drop out, or those on the worst land who at last had a chance to match the incomes of their better-endowed neighbours.

The solution to the problem

of what to do with the countryside is ready-made: turn it into hunting, shooting and fishing preserves. Which, of course, is what it originally was. The earliest property rights were hunting rights. Long before agriculture was more than sporadic pastoral activity in forest clearings, hunting reserves were thoroughly organised, the primary rule being protection of habitat. The conservation credentials of field sports as a land-use are excellent.

A report has been published which says country sports are



gaining popularity.

The independent report, *Countryside Sports: Their Economic and Conservation Significance*, was commissioned by The Standing Conference on Countryside Sports and was published recently.

It says the UK has become a nation of shooters, hunters, stalkers and anglers. Because of the indeterminate number of sportsmen who practise more than one field sport the report does not offer a total figure for all Britain's sportsmen, but there are 3.9m anglers, 850,000 shooters, and 240,000 hunters to hounds. This rustic activity generates more than £1.4bn annually in direct spending,

and employs 125,000 people.

Since 1970 the number of anglers has risen by 1m. In the last eight years the number of stalkers has trebled and the number of clay pigeon shooters has doubled. The game yielded by these activities is worth £38m a year. The hunting tackle trade is worth £43m in exports alone.

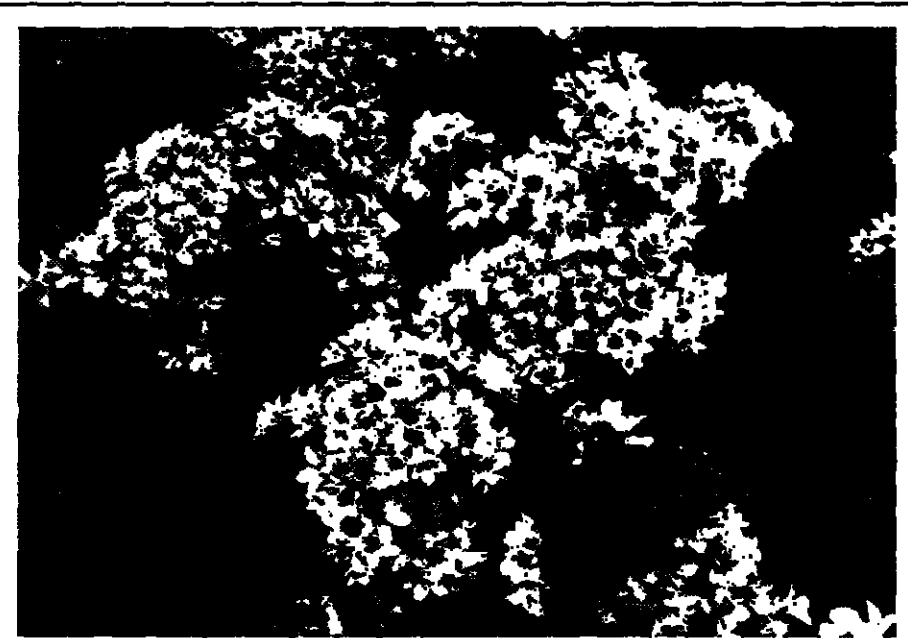
Taxes on sporting revenues and on the earnings of gunsmiths, phillies, gamekeepers and farmers' sales of gun and fishing licences and permits and business and sporting rates levied by local authorities, contribute £458m to the public purse. This industry is entirely in the private sector at a time when other country activities, agriculture and forestry, furiously subsidised by the state, are losing their meaning.

However, country concerns are less well represented in the House of Commons than at any time.

Country sports are the preserve not of the elite but of the poorer half of the community.

Dividing participants into four socio-economic groups, the Standing Conference report finds that 56 per cent of shooters and 68 per cent of anglers belong to the lowest two groupings. A paltry 15 per cent of the most affluent participate in shooting or fishing at all.

Even those arguing against the Hunting Bill in the last Parliament used the principle of freedom of choice as their basis, rather than a detailed defence of the part played by hunting in rural life. It is time they wised up. Country feelings run deep, and they throb in the breasts of many city-dwellers, too.



Plant of the week  
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This fine, hardy perennial has stout stems that creep along the surface and cover themselves with large, more or less circular, thick-textured, evergreen leaves. These are glossy and make fine ground cover. In late winter and spring, the plant produces many stout branch stems bearing closely-packed, bell-shaped pink flowers. There is an excellent variety named Puppurea which has red stems and magenta flowers. Both are grown easily in any reasonably fertile soil in full sun or in shade, but flowers will be produced more freely with plenty of light.

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## BOOKS

# Private life of the Master

Anthony Curtis reviews a fresh appraisal of Noël Coward's life and work

I SUPPOSE there still are one or two people in their eighties or nineties who remember seeing Noël and Gertrude in the original production of *Private Lives* in 1930. Many of us have listened to their surviving recordings, now available on cassette and CD, of the balcony scene. Somehow even at the unimpaired hearing it never fails to raise a chuckle or two. No later Amanda - not even the wonderful Kay Hammond - could invest the lines with quite the degree of murderous innuendo conveyed by Gertrude Lawrence. HE: You said Norfolk was flat. SHE: That was no reflection on her, unless she made it flatter.

The joke there shifts a gear from marital discord to encompass Coward's urge to make fun of the female form. It was not finally her lack of talent that derailed the daughter of Mrs Worthington from a stage career but, you will recall, "the width of her seat! That would surely defeat her chances of success..."

The songs, which in his new book about Coward Clive Fisher tends to under-value, gleefully describe women who make fools of themselves; such as

the elderly American widow, Mrs Wentworth-Brewster by name, who discovered (gause) "just in the nick of time (pause) that life was for living..." and, to the dismay of her family, allowed herself to be goosed by Italian sailors in a bar on the Piccolo Marina on Capri.

The Master was not just gay; he was - let us face it - beneath the veneer of charm an old-fashioned male chauvinist pig to boot. In 1988, while he was making his farewell appearance in London in *Suite in Three Keys*, Coward gave a revealing piece of advice to John Osborne:

"I understand you've been a very silly boy. You must never trust a woman. But you've got so many women friends, I protested. More than I had. 'No matter. Never trust 'em and never, never marry them. Which you appear to do.'" (from Osborne's *Almost A Gentleman*)

There were, though, as Clive Fisher points out, two or three women who were of crucial importance in Coward's life. The first and most important was Violet (née Veitch) who married Arthur Coward, a travelling piano salesman, and in December 1899 gave birth to Noël Peirce Coward at their house in Waldegrave Road, Teddington. He remained devoted to her for the remainder of her long life. Then there was Mrs Astley Cooper, the Edwardian hostess based in Rutland, who took up the young Noël Coward before he was famous, and gave him his first insight into the mores of the country house set (see *Easy Virtue*).

And lastly there was Esme Wynne, the child performer who trained with him for the stage. She seemed all set for success but then abandoned the stage on her marriage to Lynden Tyson. As Esme

Wynne-Tyson she became a devout Christian Scientist and pursued a new career as a writer on ethical and religious matters. Fisher's book contains a charming photograph of Noël and Esme during the First World War. The information Fisher has gathered from Jon Wynne-Ty-

**NÖEL COWARD**  
by Clive Fisher  
Weidenfeld & Nicolson £17.99, 288 pages

son, the publisher, about the bond that formed between Coward and his mother in these obscure early years sheds a sharp little ray of fresh light on our hero's hard slog before success came with *The Vortex*.

Fisher is also able to be much franker than was Sheridan Morley about Coward's male lovers, notably Jack Wilson, the good-looking Amer-

ican stockbroker who became (disastrously) his business manager and (successfully) his sexual partner for many years. Otherwise the biographical facts are mainly taken from secondary sources: Coward's own autobiographies and diaries; Sheridan Morley's biography; and the published diaries of friends like Cecil Beaton. Among the theatre critics Tynan is quoted *ad infinitum* and so is Agate, who was Coward's direct contemporary and often shrewd about his plays.

The value of Fisher's book is partly as a concise biography but more in the detached view it offers of Coward's whole career. It is the first Coward book from a member of a generation for whom Coward is now an established part of theatrical history. This writer about Coward would have been a child of 10 in 1973, the year Coward died. He is

coolly immune to the myth of the Master woven so assiduously and lucratively by Coward during his lifetime.

From this detached perspective Fisher goes thoroughly through the canon, dealing perceptively with the forgotten or suppressed plays like the torrid Maughamesque *Point Valaine*, with the late half-successes like *Relative Values* and *Made With Violets* as well as the smash-hits, *Hay Fever*, *Blithe Spirit*, etc. a fresh appraisal.

In all this Fisher has some valuable aperçus on Coward's range of subject-matter, much wider than you might suppose, and he points to some of the glaring contradictions in Coward. He was both a cynic and a sentimental patriot, the utterer of that resounding tea-jacking toast to "this England of ours" in *Cavalcade* but who ultimately opted to live abroad as a tax exile in Switzerland. And like Rattigan he was a homosexual who was always careful to play it straight before his adoring public. Fisher pays a handsome concluding tribute to the "suspiciously easy" and magical gifts that gave rise to these discrepancies.

## Publish and be grand

Harold Macmillan used to boast that his grandfather was a crofter, and - having it both ways - that his wife was the daughter of a duke. Like another British prime minister, Churchill, he had an American mother. What everybody knew was that the family was in publishing, though apart from being naturally bookish, he boasted about that rather less.

What few people can have known until the publication of this book, however, is how grand the publishing business was in the second half of the 19th century. It must have been the foremost house in Britain. The Macmillan brothers, Daniel and Alexander, were friends of Gladstone. They picked up young authors all over the place. Among their early titles were *Tom Brown's School Days* by Tom Hughes and *Charles Kingsley's Westward Ho!*, books which made not only reputations but also money.

Although Daniel died in 1857, Alexander went on to found *Macmillan's Magazine*, a monthly publication designed to bring on younger writers like Matthew Arnold and attract the established, like Lord Tennyson, into the Macmillan fold. The magazine was spectacularly successful, practically all the best-known writers of the time contributed. On Tennyson's death in 1892, the Macmillan family was put in charge of the funeral arrangements at Westminster Abbey.

**THE MACMILLANS**  
by Richard Davenport-Hines  
Heinemann £18.50, 370 pages

The entire intellect of England seems to have been there. "No one was more of an intellectual," wrote the Marquess of Dufferin, a former Viceroy of India, "will ever forget the scene, which was unparalleled in its dignity and splendid significance."

Apart from discovering authors, the Macmillans promoted publishing as a business. The Net Book Agreement, which lays down that a bookseller shall not undercut the retail price set by the publisher, was established as part of their doing at the end of the century. It still, more or less, exists. Daniel Macmillan was Harold's grandfather, and it was of his humble origins that the man who was to become prime minister used to boast. A photograph of the crofter's cottage where Daniel was born went with Macmillan throughout his government offices. Yet Daniel very quickly moved south, to Cambridge and London, first as a bookseller, then as a publisher.

The Macmillan family had long been well-educated, with a tendency to religious earnestness. Daniel dropped the Baptists and switched to the Church of England when he put Scotland behind him. And he and his younger brother Alexander were lucky. Their move into publishing coincided with the sharp rise of literacy. Other publishing houses were founded at much the same time: Routledge and Cassell, for example. George Routledge established the Railway Library which, Walter Bagehot recorded, sold books "like sandwiches." But it was the Macmillans who, in their list of authors and their influence, had pride of place.

The remarkable fact about this book is that the story has never been told before. It is the natural subject for a company history, and it would have been even better if the Macmillan family had agreed to cooperate. The reason why they did not seem to be that Davenport-Hines wanted to add a thesis of his own. That was to explore the misfortunes - disease, premature death and alcoholism - that have dogged the Macmillans over the years. He thinks that the Macmillan men - Harold in particular - were given complexes by a dominating father.

The family refusal did not deter the author, who used to work in the Macmillan publishing house. Yet the result is that he has written two books in one. It is the first 123 pages about the history of the business that are riveting; the rest is a readable enough account of the life of Harold Macmillan with the odd attempt at psychological insight. Davenport-Hines thinks, for instance, that the familiar baring of the Macmillan teeth, which some saw as an ingratiating smile, was a sure sign that he was on the street - just like an animal. It stemmed from his hostility to his mother.

Malcolm Rutherford

## Haunted by Romantics

"I WOULD willingly think that my memory may not be lost in oblivion as my life has been," wrote Claire Clairmont in old age. As a shadowy figure on the margins of the Romantic circle that included Shelley, Byron and Mary Shelley, she has usually been presented as a brief digression in other people's lives. But, ironically, she spent much of her own life writing herself out of literary history and suppressing "the disastrous hauntings that seemed inseparable with my name."

If Claire is remembered at all, it is as rather a pain in the neck - tagging along with Shelley and Mary when they eloped to France, or driving her beloved Byron up the wall. This sympathetic biography by the late Robert Gittings and his wife Jo Manton is designed to dig beneath the unattractive

**CLAIRE CLAIRMONT AND THE SHELLEYS**  
by Robert Gittings and Jo Manton  
Oxford £20, 292 pages

image - which was first put about by Mary Shelley's manipulative daughter-in-law - and to rehabilitate Claire as an individual in her own right. Yet despite Jo Manton's valiant attempt to give equal weight to Claire's later, rootless career as a governess, the first 24 years, narrated by Robert Gittings, remain the most compelling.

Born in 1798, the illegitimate daughter of prosy, capable Mrs Clairmont, Claire's life took off at the age of three when her mother married the notorious radical William Godwin. His house was always full of books and ideas, and one of Claire's earliest memories was of listening in terror, from behind the sofa, to Coleridge reading aloud from *The Ancient Mariner*. It was an outwardly happy, if irregular, household, with a mixed bunch of children. Claire's closest companion was her elder step-sister, Mary.

Claire's role in the triangular relationship which developed when Shelley fell for 16-year-old Mary and the three of them ran away together is hard to pin down. Though Gittings seems certain that Claire never slept with Shelley, all three were entangled in an intensely complex matrix of mixed emotions. Where Mary was depressive, Claire was volatile, sometimes to the point of hysteria. Shelley, hero-worshipped by both, was histrionic.

However mutually supportive they were capable of being,

Mary and Claire had a difficult relationship marked by suppressed rivalry. Though Gittings only hints at it, it seems likely that Claire's next adventure - introducing herself into Byron's life - was motivated in part by a sense of competitiveness with her step-sister.

If Shelley was glamorous, Byron was a superstar. And, like hundreds of other teenage girls, Claire wrote him a fan letter. Unlike most, however, she was as direct as she was persistent and, booking a hotel, she invited him to spend the night with her. Byron never regarded her as much more than a one-night stand, and was only persuaded to prolong the relationship by the prospect of being introduced to Shelley, whom he found fascinating.

But Byron's desertion of Claire and his insistence on having sole custody of their daughter Allegra, who died aged five in an Italian convent, shows him to have been neither true nor honourable.

Allegra's death was soon followed by Shelley's. Claire was doubly traumatised. Her decision to cut herself off from her family and take up the nomadic existence of a governess, living among strangers first in Russia and then all over Europe, and religiously hiding her past from those she met, suggests someone afraid of getting too involved in relationships for fear of being hurt. However sophisticated and self-possessed she appeared in company, her inner life, though buried, seems never quite to have recovered.

Perhaps because they are at pains to rescue Claire from the charge of being "hysterical", levelled at her both by Byron and by later generations of Shelleys, Gittings and Manton stress her independent spirit and vitality of character. But though not into psychoanalysis, it is interesting how her more neurotic, vulnerable side keeps surfacing.

It is easy to be tempted into lurid fantasies about the Shelley circle, and to see its members as larger-than-life actors in a tragic melodrama - which is how Mary's daughter-in-law, guardian of the Shelley shrine, seems to have wanted to portray them when she offered a life-sized marble Mary supporting Shelley's naked corpse to the embarrassed vicar of St Peter's, Bournemouth. By allowing an undercurrent of unshared emotional confusion to permeate their portraits of Mary and Claire, Manton and Gittings have succeeded in humanising them.

Lucasta Miller



"Diana's Rest"; Ivo Saenger, 1939-40.

## The barren stamp of Nazi approval

"YOU artists live in great and happy times. The Führer loves artists, because he is himself an artist. Oh, century of artists! What a joy to be part of it!"

Wrote Joseph Goebbels, Hitler's Propaganda Minister, when the Nazis came to power in 1933. But the truth was that German culture was never so barren as during the Third Reich. Not one significant artist or writer lent continuous support to the regime, and almost every major intellectual or cultural figure, from Brecht and Beckmann to Freud and Mann, fled the Reich by 1933.

This book tells the story of the art that remained in the visual arts, the battle lines were boldly drawn in 1937 with the two Munich exhibitions, degenerate art and the great German art exhibition. The first aimed to set the German public against "Bolshevik-Jewish" modernists like Chagall, Groez, Kokoschka and Klee, by cramming their work together on walls daubed with graffiti slogans such as "Insults to German Womanhood" and "The Niggerizing of the Visual Arts". It was a sensational hit, attracting far bigger crowds than its companion exhibition, a showcase of Nazi-approved paintings of Aryan nudes, brawny peasants and Bavarian mountains.

It is these latter pictures, unknown today, that are reproduced here. Adam discovered them hidden in vaults and archives, and his catalogue forms a devastating record of narrow and reactionary themes and flat, wooden execution: youths binging in the harvest; soldiers waving farewell to their Alpha houses; chillingly perfect gods and goddesses. The iconography is rooted in Nazi ideals: from Adolf Ziegler's blond maidens in "The Four Elements", which hung in Hitler's drawing-room (the French ambassador rechristened it "The Four Senses - Taste is Missing") to the giant neo-classical "Seven Deadly

**THE ARTS OF THE THIRD REICH**  
by Peter Adam  
Thames & Hudson £24.95, 322 pages

Sins" starring Chamberlain and Churchill as gluttony. Nationalism, nostalgia, a return to rural values, Hellenism, romanticism: the intellectual backcloth to these paintings reflects cultural scope which, as Speer said later, led them to turn a blind eye to the atrocities making up the motivation here. But even Goebbels and Goering lamented the feebleness of Nazi painters - Goering collected forbidden Gauguins and had portraits of his children painted by Otto Dix, who was condemned in the degenerate art show. Speer was by contrast honoured as one of the most powerful men in the Third Reich.

Finally, although Adam does not touch on the theme, his book is about the importance of art. The Nazis banned Expressionist paintings because the despair and violence and anguish they represented told disturbing truths; yet Hitler knew the power of culture and was concerned that his hoped-for renaissance of German art was not forthcoming.

This is a book to buy for the illustrations, which catalogue the aesthetic results of a murderous regime, and to take along as a companion to the reconstruction of the 1937 degenerate art exhibition, now in Berlin. The juxtaposition demonstrates one of the most positive aspects of political art history: but with a few exceptions, great art has always stood out against terror and on the side of humanity.

**Ziegler's 'The Four Elements' was rechristened by the French Ambassador as 'The Four Senses - Taste is Missing'**

for his own means, and hack painters of propaganda pictures, remained.

The exceptions were the architects. Some of Albert Speer's models, and Saghiebi's design for Tempelhof airport, are innovative and original. Hitler lost his artists because he tried to turn them into reactionary mouthpieces, but kept his architects because his mammoth ambitions for German cities and his bottomless coffers gave them unlimited scope which, as Speer said later, led them to turn a blind eye to the atrocities making up the motivation here. But even Goebbels and Goering lamented the feebleness of Nazi painters - Goering collected forbidden Gauguins and had portraits of his children painted by Otto Dix, who was condemned in the degenerate art show. Speer was by contrast honoured as one of the most powerful men in the Third Reich.

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Jackie Wullschlaeger

## Reflections on Spain

CAN THERE be anyone who has failed to notice that this is Spain's year? Publishers are determined to remind us. Columbus, Seville, Barcelona - by the end of 1992 Spain will have spun full circle and returned to its former empire glory.

Robert Hughes, art critic of *Time* magazine, has written an enjoyably irascible history of Spain's greatest non-Spanish city, Barcelona (Harvill £20). His view of Barcelona is, naturally, coloured by its architectural and artistic past, with wonderfully intemperate side-swipes at its designer-manias present. Hughes loves Barcelona and Catalonia but his passion is clear-headed enough to be infuriated by some of the contemporary characteristics of his beloved.

Hughes is at his most entertaining when he yokes erudition and ill-humour together, as when dealing with the Japanese tourist obsession with Antoni Gaudi's unfinished Sagrada Família: "Nobody in Barcelona is quite sure why the Japanese have fixed on Gaudi in this way... One thing is sure: the Sagrada Família is the first Catholic temple whose bacon was ever saved by Shinto tourism. Not even Gaudi, who believed in miracles, could have foreseen that."

It is strange that a writer who is both a native Spanish speaker and widely recognised as a great novelist should have contributed in this Year of Spain a far less impressive, indeed in some passages quite bonkers, history of both Spain and its relationship with Latin America: *The Buried Mirror: Reflections on Spain and the New World* by Carlos Fuentes (Andre Deutsch £20).

The design of Fuentes' book - lots of lavish black and white photographs - as well as the fact that it accompanies yet another television series, indicates a coffee-table audience. With a name and pictures you can get away with anything - at least that seems the assumption. From organic nonsense over bullfighting ("The matador is a tragic representation of man's relation to nature, the actor in a ceremony of remembrance of our violent survival at the expense of nature") to constructing false myths to fit preconceived views of history (such as sentimentalising Gaudí as his death as "an anonymous artisan")

Fuentes' book is the kind of stuff to give apoplexy to Hughes. Fuentes promises historical sweep but ends up mailing us postcards from his sweepings. Far more entertaining is Barcelona by Manuel Vázquez Montalbán (Verso £17.95). Vázquez is one of Barcelona's leading journalists and author of books ranging from crime fiction to Catalan cookery. His view of Barcelona is wonderfully sardonic and off-beat. Vázquez does not much like the thought of his city's Olympics and points out the social fiction the Games have exacted among the city's poor, many of whose squalid homes have been bulldozed out of its path.

He has a grim style: "When Franco's occupying troops entered the city, fourth on the list of organisations to be purged, after the Communists, the Anarchists and the Separatists, was Barcelona Football Club." And he confirms Hughes' assertion that Barcelona has a Swiftian scatological obsession, by analysing the sociology of Barcelona's sewers: "regular visits to today's sewers would act as a perfect counterbalance to the oncoit of urban man." Odd, but wonderfully unlike pre-masticated confakes.

Gijs van Hensbergen also avoids the cornflake factor in

his *A Taste of Castile* (Sinclair-Stevenson £19.95). In 1986 he upped sticks and left England in order to learn how to cook pigs' trotters (and much else) in a Segovian restaurant. That may not sound a recipe for hilarity but his Rabalasan adventure could initiate a new sub-genre, the comic-cooking-travelogue.

Earlier this year the BBC produced a six-part documentary series looking at the country's history and contemporary condition; Ian Gibson's *Fire in the Blood - The New Spain* (Faber/BBC £17.99) is a by-product of that series. But as so often with books-of-the-TV-programme, it falls short of expectations. Not really history, it makes forays in that direction; not really sociology, it considers how Spaniards view topical matters such as abortion, feminism and environmental degradation; not a travel guide, it is written by one of the foremost non-Spanish (Gibson is Dublin-born) travellers around.

Gibson's other book - *Lorca's Granada - A Practical Guide* (Faber £14.99), originally published in Spanish in 1989 - is sadly much less likely to be promoted. A pity: Gibson is an expert on one of Spain's greatest artists, and it is a clever idea to present a travel guide to Granada by tracing Lorca's footsteps around the city. It is a pleasure to walk the streets in the company of someone who knows them so intimately.

For those who find their history most accessible through

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For those who find their history most accessible through

**Gary Mead looks at the plethora of books triggered by Columbus and the Barcelona Olympics**

lengthy descriptions of painting, architecture and other visual arts. Spanish Journeys - A Portrait of Spain, by Adam Hopkins, (Viking £16.95) is required reading. Like Lorca's Granada, what we have here is a novel method of gauging the development of a culture and a society. But although Hopkins writes sympathetically of such as Goya and Picasso, his book nevertheless has a feeling of pre-masticated history. Neither fish nor fowl, it is too dry, too uninvolved to inflame its passionate subject-matter.

Much of the rest make warm milk-and-oats seem wildly exotic. *The Sierras of the South - Travels in the Mountains of Andalusia* by Alastair Boyd (HarperCollins £16.99) might be found charming by some readers, in the way that jocosity can often be mistaken for wit. But an individual's travel must have something very special about it in order to have impact today.

If you seek elegant expertise, then *Cities of Spain* by David Gilmour, (John Murray £17.95) is just the ticket. Enlightening and historically confident, Gilmour's book is the perfect companion piece for any traveller in Spain. Seville by Sarah Jane Evans (Sinclair-Stevenson £18) is not imperative, since although she clearly knows Seville well, her writing often leadenly strives after heights it cannot reach.

Everyone intending to visit Spain for either the Barcelona Olympics or Seville's Expo should be reminded that, for quality insights into this most splendid of countries there are still only two surpassing books, published some 25 years ago: Raymond Carr's history, *Spain and Hugh Thomas's The Spanish Civil War*. Sad that no one can quite match them here, though Hughes and Vázquez Montalbán get very close indeed.

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## ARTS

## Poetry cut down to size

Michael Glover on the protagonists of 'Imagism', Ezra Pound and Hilda Doolittle

WHEN DID the modern movement in literature actually begin? Virginia Wolfe had a ready answer to that question: "On or about December 1910," she wrote, "human character changed." Not human character itself, of course, but the way it was represented in the language of literature. And the agent that changed it was the American literary entrepreneur-cum-poet by the name of Ezra Pound, and the movement in poetry that he created in 1912 called Imagism, which was celebrated in a series of events at the South Bank last weekend as a part of its continuing festival, *Towards the Next Millennium*.

The young Ezra Pound had arrived in London in 1908 for the express purpose of sitting at the feet of W.B. Yeats, the only poet of value in the English-speaking world, in his opinion. Edwardian London was no place for a young, energetic poet-to-be - the feeble energies of the 1890s were spent; poetry seemed all lush and loose, the piping of mindless Swinburnian muses. Pound set about to change all that.

By 1912, he had formulated a set of principles for the writing of a new, more vigorous kind of poetry that would be equal to the demands of a new era. These principles would have an enormous influence upon the way poetry would be written and discussed throughout the 20th century. In Pound's opinion, there were three cardinal virtues: precision - poets must be precise and concise in their use of language; *vers libre*

- free verse should be used as a way of freeing the poet from the trammels of dead metrical structures; but, above all else, the poet should employ hard, clear, concrete images. Abstract formulations had had their day.

The movement was brought to birth in the British Museum tea rooms in June 1912. Pound had been joined in London by fellow Pennsylvanian poet Hilda Doolittle, a childhood friend. He asked to see some of her poems and, leaning over her shoulder, he corrected them in accordance with his new principles. Then he signed them for her: "H.D. Imagiste". A movement was born; and so was its most representative poet.

H.D. remained faithful to the principles of Imagism for most of the rest of that decade. Her poems were just what Pound seemed to have ordered as a tonic for the scribbling tribe: hard, clear, and short. In spite of the fact that they were usually set in Grecian landscapes and concerned themselves almost exclusively with figures out of Greek myth, there were no needless ornamentations, no quaint devices, and no archaism. And H.D., the Hellenist, espoused and sponsored by Ezra, became a fashionable commodity in Edwardian London, where Greekness seemed to be everywhere: it was modish to go about in sandals; to purchase sculpture with Greek curls; and to be seen reading Andrew Lang's translations of Homer.

The French spelling of "imagism" as "imagisme" is instructive. Some of the theoretical justifications for the



H.D. and Ezra Pound: the movement was born when he signed her poems 'H.D. Imagiste'

new movement derived from the philosophy of Bergson and the practice of the French symbolist poets, and Pound himself was probably pleased to have coined a name that had just a touch of Parisian *élit* - it would help to Europeanise him. Had not H.D. herself called him "immensely sophisticated, immensely superior," but also "immensely rough and ready?"

The Imagist movement waxed and waned for a decade, firstly under Pound's brief tutelage, and later under that of Amy Lowell, an American poet of uneven talent whom

Pound heartily despised - perhaps because she was his equal in energy and influence. Pound called her movement "Amygism" and condemned her for prolixity. And yet for all her faults as a poet she had the good editorial sense to publish the verse of D.H. Lawrence, James Joyce and William Carlos Williams in the Imagist anthologies that appeared later in that decade.

The Imagist movement itself had petered out by the end of the decade - but the influence of its principles upon poetry and literary modernism endured. It became the norm in

both England and America for poets to write short, concisely expressed lyric poems with hard, clear images at their emotional epicentres; but, equally importantly, Imagism fed into the way in which novelists approached the task of writing their fiction.

*Ulysses* seems like a concatenation of hard, bright images when viewed in the light of those principles; some of the greatest passages from *Women in Love* derive their impact from the way in which D.H. Lawrence seems to make the images of natural things speak for themselves. And it is also

to be blamed and praised in about equal measure for much of the notorious obscurity of 20th century poetry. From T.S. Eliot's *Waste Land* to Pound's *Cantos* - those super-imagistic exercises in which all pretence at discourse, linking commentary has been abandoned almost entirely, to the shock and bewilderment of a thousand uninitiated A-level candidates.

The poetry and prose of Ezra Pound are published by Faber and Faber. The poetry of H.D. is available from Carcanet Press.

## Off the wall/Antony Thorncroft

## Pop goes Covent Garden

THERE IS just a chance that this week saw the end of one of the arts world's more depressing annual rituals - Jeremy Isaacs, general director of the Royal Opera House, explaining away yet another nasty deficit for Covent Garden.

This does not necessarily mean that Isaacs has finally had enough of the constant bitching about the Garden and is returning to the more peaceful world of commercial television, but that there now seems to be the will on all sides for one final heave to settle Covent Garden's funding problems.

Actually 1991-92 was not too bad for the Opera House - a shortfall of £1.6m on a turnover of around £45m, contributing to an accumulated deficit of £3.3m. Isaacs had been over-optimistic in trying to solve the financial problem by raising seat prices during a recession. Lower attendances - 88 per cent capacity for opera, 83 per cent for ballet - accounted for £1m of the shortfall. The rest came from another of those nagging industrial disputes, this time involving the orchestra, which seem to have disappeared from the rest of British industry.

The Arts Council has given Covent Garden four years to wipe away its deficit. It hopes to deliver £1m of it in 1992-93, mainly by cutting overheads and expenses and saving on production costs. Isaacs argues

that he has raised income from box office and sponsorship to the practical limit, reducing Covent Garden's dependence on subsidy from almost 60 per cent of turnover to 35 per cent. Now he is placing the future of the Royal Opera House in the hands of consultants.

Two such scrutineers are currently under way - one organised by the Arts Council and led by Lady Warnock, one commissioned by Covent Garden itself from Price Waterhouse. When these are completed at the end of the summer, some sort of deal should materialise. No doubt a few management flairs will be exposed; some savings, perhaps involving more redundancies, pinpointed. Covent Garden will wield the axe, and the Arts Council will promise more money - over a period.

Of course, in arts subsidy terms it will seem like a great deal of money. The Royal Opera House already gets £17.5m a year, much to the fury of arts companies. Finally divesting itself of the Birmingham Royal Ballet could make the sums seem more reasonable.

But these days the final decision does not rest with the Arts Council. It will be the gift

of David Mellor, the new Secretary for National Heritage, who is not known as a great lover of the Opera House. Fortunately an even more powerful figure, the Prime Minister, bolstered by his wife, believes that London must have a world ranking opera house. This should clinch the deal.

In the meantime, financial stringency means that Covent Garden has produced an attractively popular programme for

where the big dramas of the season will take place.

Has there been a dramatic sea change in the fortunes of Sotheby's and Christie's who fight tooth and nail for supremacy in the world antiques market? Until the mid 1980s Christie's was traditionally dominant. Then Peter Wilson drove Sotheby's to the fore and in the last decade the entrepreneurial skills of its

Financial stringency means that the Royal Opera House has produced an attractively popular programme for 1992-3

1992-93: the Glyndebourne production of *Porgy and Bess*; the rarely seen *Stiffelio* by Verdi; and two cut price new productions, Handel's *Alcina* and La *Damnation de Faust* by Berlioz. The revivals have an obvious box office appeal and last night's *Tosca*, *Fidelio*, *Otello* and *Madama Butterfly*. There are also appearances by Pavarotti, Domingo and Carreras - who, despite nightly fees in excess of £12,000, perform wonderfully at the box office, which is

new American boss Alf Taubman extended its lead.

But in 1992 Christie's keeps on capturing the star lots and is certainly now the larger in the UK and Europe: it could end the season as the leading auction house in the world. In recent weeks it has sold a copy of Audubon's *Birds of America* for a record £2.3m; disposed of the Vung Tau cargo of sunken Chinese porcelain for £2m; brought in a record £4.5m from the Compton sword

collection; and sold a Canaletto to Andrew Lloyd-Webber for £10.12m.

It is now poised to do better in the sector that Sotheby's pioneered so prosperously - Impressionist and modern art. Can it really be just two years ago when a Van Gogh sold in New York for \$82.5m? Since then it has been downhill all the way. Estimates on some of the Impressionist and Modern pictures on offer this May in New York are up to 50 per cent lower than on comparable art in 1990, sometimes more.

But at least the salerooms are prepared to risk offering important pictures. Here again Christie's has the edge, testing the market with a painting that provides a wonderful snapshot of current demand. Renoir's "La Loge" is a smaller, less finished, version of the famous painting in the Courtauld. In 1989 its German owner paid \$12.1m for it. It now carries an estimate of \$6m-\$8m - and the reputation of Impressionist art.

Even more hangs on Braque's "Atelier VIII", his great late painting, which has an estimate of up to \$10m and will set the tone for 20th century art. It has a curious history. Braque sold it to the collector Douglas Cooper on the understanding that it should never leave France. In 1972 Cooper adopted a young American, Bill McCarty, and left him the bulk of his fortune. McCarty-Cooper lived off the bequest but has now died of AIDS and the Braque is to be sold off in New York.

By Christie's, of course. The Washington, nay the American, art establishment was rocked by the surprise resignation of the patriotic Carter Brown from the directorship of the National Gallery of Art. Then came the shock news that the favoured successor, John Walsh of the Getty Museum at Malibu, had declined to take over. Rusty Powell of Los Angeles County Museum of Art will now be the new director.

Anyone seeking signs of the end of the recession should look no further than Brooks classic car auction on Thursday. Prices of classic cars have been in free fall since 1989. Now there are signs of a remarkable revival. A 1933 Alfa Romeo sold for \$462,000 and a 1956 Jaguar D-Type for \$429,000. Neither had a reserve: they just had to go, making the prices quite extraordinary. Even Ferraris were selling. Brooks is unusual among the car auctioneers in allowing prospective buyers to test drive some of the lots on offer. This seems to have converted potential buyers into keen bidders.

Screen  
With time on your side

WATCHING ON video recently Errol Morris's new film based on Stephen Hawking's *A Brief History of Time* (Palace), I noticed that - no, no, wait, let me first explain the Andrews Theory of Time.

The first principle of this is that there are only so many hours in a day. The second is that time is curved, so you can meet yourself watching *A Brief History of Time* before or after you thought you had finished watching it.

Let me explain. Firstly, I had seen much of Errol Morris's film before, in a film about the making of Errol Morris's film. The project was set up by Steven Spielberg who does not skimp on pre-publicity. Secondly, I glanced at the *Radio Times* and discovered that what I thought was an exclusive video premiere (*varia avis*) is on Channel Four for all to see this Sunday at 8.30pm.

So I shall not pre-empt your enjoyment beyond commending Morris's skilful interweaving of the biographical and scientific-philosophical in expounding Hawking's life and ideas.

However, these thoughts about Time have stayed with me. Over recent days I have laid the scientific basis for a new understanding of Subjective and Objective Time. Take an everyday household example. Have you noticed that when you drop a boiled egg on the floor time simultaneously contracts and expands? Your whole life appears to flash before you, in only a few seconds, as you see your breakfast destroyed by a chance accident.

In video-watching this Subjective Time - extending or shrinking according to the intensity of the viewing experience offered - can be enhanced or negated by a virtual use of Objective Time. For instance, my favourite video releases this month are Cecil B DeMille's biblical epic *Samson And Delilah* (CIC), Jean Renoir's great tragicomedy of manners *La Règle Du Jeu* (Cinéma), Jocelyn Moorhouse's teasing tale of a blind photographer *Proof* (Artificial Eye) and Spike Lee's edgy race-war comedy *Jungle Fever*.

The minutes seem to fly by in these films, even though the viewer's hand will frequently arrest time to replay a favourite sequence. What is more, time can be made to move

backwards. In *Samson And Delilah* I replayed Victor Mature's destruction of the Temple of Dagon in reverse. Ever since I was a child I wanted to do this: to see the million-dollar Paramount pillars rise again from the rubble. And in Moorhouse's brilliant Australian fable about the blind leading the sighted - the unseeing young hero fools the sighted girl helper who tries to trip up his daily life - I could retrace the subtle suspense steps by which the director himself leads us on.

The opposite is also true. However much you fast-forward through insomnia cures like this month's *The Rookie* (Warners), a dud Clint Eastwood cop opera, or *Millennium* (Warners), a credible sci-fi romp, or *The Package* (Virgin), in which Gene Hackman tries to win the Cold War before anyone can tell him it is over, time does not travel any faster. Indeed time appears to become slower while the viewer's own activity rate, vis-à-vis the remote control module, accelerates.

These videos are known as Black Holes and should be avoided. Concentrate instead on the fact that we live in an expanding universe, as Stephen Hawking demonstrates, and the video market obeys the cosmic rules. Many films that used to be a certain length on the large screen are now, longer on the small. Take *Aliens: The Special Edition* (Fox). Available in this form for only three months, James Cameron's monster movie starring Sigourney Weaver now contains 17 extra minutes of ravelling, jaw-dropping, thoroughly enjoyable horror.

This principle of longer video versions for home viewing is borrowed, not from Einstein or Hawking, I believe, but from Washington Machine Theory. If you go to a luncheonette (equivalent of a cinema), you expect to have your clothes washed and dried in 90 minutes max. But at home - what is the hurry and where are you going? - your machine can take three hours to cleanse the same load. As I pointed out recently on another page, we live in a new age. Different movies for different viewing modes; and with video, uniquely, you can be your own editor, programmer and projectionist.

Nigel Andrews

## Selling off the family château

PARIS antique dealer Bernard Steinitz, purveyor of the very best in 18th-century French furniture, has been forced to sell off his country home, a Loire château no less, his entire contents, at considerable speed. Steinitz, who at the end of June opens new five-storey premises on Grafton Street in London and a new office in New York, says he had to sell the château to raise cash for yet another venture, a large auction house complex he plans to build in the Paris suburb of Saint Ouen.

Steinitz, who caused a stir in the Paris art world this month by resigning from the powerful group of antique dealers known as "Les Antiquaires à Paris", bought the 18-room Chateau Saint Paul de Corbion 30 years ago complete with its furnishings. Perched on a rocky outcrop overlooking the Loire, the castle was built in the 13th century and restored in the 17th and 18th centuries. Steinitz has put the property in the hands of estate agents, and asked Jacques Tajan of the Paris auction firm Ades Tajan to sell the contents. The sale will be held in the castle during the last week of May. About 1,000 items will go under the hammer, a third of them top-quality furniture which Steinitz has acquired over the years. Regrets are still on the spot inspecting the lots and a catalogue will not be ready until two days before the auction, but again gave an early and extremely cautious estimate of around £120m for the whole lot.

Most of the furniture is 17th and 18th century. Outstanding items include 13 Louis XIV chairs in extremely fine condition; Henry IV chairs with original embroidered covers, Savonnerie carpets, 17th-century Cordoba leather wall hangings, period wood paneling of which Steinitz has the largest collection in the world, and a number of very fine French 18th-century cabinets.

For the past two years Steinitz has worked from a sumptuously-furnished "hotel particulier" on the Faubourg Saint Honoré. The site he plans to develop is some five acres of workshops and warehouses he bought from the firm Wonder in 1986 at Saint Ouen, to stock and restore furniture. At the time Wonder was in the hands of multi-millionaire businessman Bernard Tapie, last month appointed minister of the Town by president Mitterrand, and Steinitz has been quick to catch rumors that the new member of the socialist government has played any role at all in his venture.

Nicholas Powell

## ST. JOSEPH'S HOSPICE

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Sister Superior.

## New lease of life for G&amp;S

THE LAST memory of the original D'Oyly Carte company is of a ramshackle *Ruddigore* during its final season at the Adelphi in the Strand, when the orchestra scratched and scraped its way through the score and the prompter was the person who usually got in with the best lines first. The next day it was announced that the company was closing for good.

At the time that was a punishment that seemed to fit the

## ART GALLERIES

SPENCER, King Street, St. James's, 29th Indian & Pakistani Bazaar of Art, until 22 May, Mon-Fri 10-6.30.

JOHN BAXTER 1921-1992 Major Exhibition of oils, watercolours and prints until May 20th. MERRILEY GALLERY 30 Corn Street, London W1, Daily 10-6.30 Sat 10-12.30 (London Bank Holiday) Tel: 01-724 1920

crime. Now the "New" D'Oyly Carte Opera Company has taken up the Gilbert and Sullivan inheritance. It has new headquarters in Birmingham and new productions to counter the charge that it is trying to revive an operatic corpse. Like its predecessor, it also goes on the road and this week arrived for a season in London at Sadler's Wells.

The two shows it has to offer are *The Mikado* and *The Yeomen of the Guard*. Although they prove to be very different evenings, they have one quality in common, which is a decidedly better standard of musical preparation than was heard during the dying gasps of the old D'Oyly Carte, with a strong chorus and reasonably alert orchestral playing. No need for the Mikado to deal out any executions there.

Unfortunately the productions are up and down - in the case of *The Mikado* thumbs down, right from the beginning. The place is Japan, as it should be, but with modern fixtures and fittings. Everything

is slick with Japanese high-tech precision. The routines work to the split second. The smiles flick on and off at the touch of a switch and the characters are as heartless as comic automatons. The controversial ENO production may have put the show in a wrongheaded setting, but at least it had people one could care about.

Reaction is likely to be conditioned by the way one responds to Ko-ko, who comes on enveloped in an imposing cloak which opens to reveal nothing more than a pathetic, pint-sized wimp in pink leggings. From then on Penton Gray works overtime to get a laugh and by the end you are exhausted, even if he is not John Rath's Mikado and Jill Pert's Katsuba are nearer the mark. But there is something wrong with a *Mikado* when one does not care whether Yum-Yum and Nanki-Poo get it together or not.

There are few affectionate smiles on the way in that production. But if *The Yeomen of the Guard* invites still fewer, it

is because the work itself is less sharp in comic content and Andrew Wickes, the producer of both pieces, this time shows a more sympathetic understanding of his subject. In the text the Tower of London is described as "the cruel giant in a fairy-tale" and the designs by James Hendy, atmospherically lit, catch just the right Victorian Gothic quality.

The cast includes many of the same singers, with John Rath again resonantly imposing as the Lieutenant and James Roebuck a warm Phoebe. Terence Sharpe sings strongly as Sergeant Meryll and Gary Montaine makes Shadbolt a less odious creature than usual. In short, the relationships work and the comedy is natural. For those who look upon two G&S shows in a week as too much of a good thing, this is the one to choose.

Richard Fairman

Sadler's Wells (071 278-8816) Season runs until May 16



Penton Gray and John Rath in the D'Oyly Carte 'Mikado'



## ARTS

## All eyes on Mayfest

William Packer sneaks a preview of the Glasgow galleries participating in this month's festivities



'Yellow Table' by Benjamin Creme at Cyril Gerber Fine Art

IN THE few years since its inception, Glasgow's Mayfest has become an important fixture in the British cultural calendar. Natural civic pride and rivalry apart, it is hardly yet the equal of Edinburgh as an international festival of the arts, but who would now say, with enthusiasm on the one side, and complacency on the other, that a full reversal of the relative positions was impossible?

So far as the visual arts are concerned, the issue is already nicely balanced. Glasgow may not yet boast the major exhibitions which Edinburgh's museums have always the good sense to offer at festival time, with the city full of visitors. But that effort is usually qualified by a wish to distance it from the Festival as such, opening particular shows well beforehand and running them on long afterwards. As for the Festival authorities, their current advance literature is innocent of any reference to the visual arts at all.

But Mayfest has always integrated the visual element into its programme. This year there may be no single outstanding offering, but across the spectrum, from public to private, some 15 galleries are partici-

pating, with all but two of them open by this weekend, and a further eight listed in association.

To try the flavour, I visited four shows, one of which, at the Collins Gallery (22 Richmond Street, until June 6), with the opening due on Friday night, was on Thursday morning but a flurry of carpentry, paint and wallpaper and a gleam in the artist's eye. "Access", by Jim Buckley, is to be an installation that takes further the images he first developed in his sculpture. This is based on the old peep-show principle, making boxes with interiors that proposed their own imaginative scale and reality.

Here, in one darkened gold-papered room, Buckley has set into the wall four large display transparencies taken from the boxes he showed in *Kunst Europa* in Germany last year, the images imagined, richly decorated, sanctuary-like interiors. The other room, white and light, holds seven peepholes through which to view photographic details of actual architectural interiors found in the city itself.

Cyril Gerber was the first dealer to bring modern and contemporary art to Glasgow,

and he stands naturally at the heart of Mayfest. At his personal gallery (148 West Regent Street, until May 23) he shows Benjamin Creme, a Glaswegian painter now 70 but long neglected. The work here is of the 1940s, when Creme was taken up by the emigre Polish painters Josef Herman and Jankel Adler then living in Glasgow, and the 1960s when he was in London and one of the circle of Minton, MacBryde, Colquhoun and others. The figure drawings and paintings are especially interesting, sophisticated in their modernism, after Braque and Matisse, yet direct and personal in feeling and character.

Up the road at his Compass Gallery (178 West Regent Street, until May 21), Gerber is showing the recent work of a most distinctive Scottish printmaker, Elsie Lamb. With her "Cornerstones", she offers us the fruit of a recent visit to Mexico where she was particularly taken both by the popular festivals of the Day of the Dead and the ancient architectural carvings and hieroglyphs of Chichen Itza, Teotihuacan and Quetzalcoatl.

But what makes her show remarkable is not so much the imagery as the medium by

which she has developed and quite literally expressed it. Making the paper herself, saturating the pulp with pigment, she at once simplifies and concentrates the image while impressing it into the very fabric of her material. The paper is itself the image, and rich and dense and beautiful too.

The Transmission Gallery (28 King Street) is a co-operative run by a changing committee of five artists to show not their own work but the work of artists they would wish to see. Throughout May it offers a group show - a collaborative relief-cum-lightwork by Paul Maguire and Simon Starling, consisting of three isometric cubes, small, medium and large, described by white neon tubes, four black-and-white prints of a leather holster, by Michael McDonough; and a set of ironically dispassionate photographs of taped and sand-bagged windows, taken in Zagreb last November by Donald Urquhart. Small, black and white, the format insistent in its simple frontal, the plastic bags oddly disturbing in the way they are heaped and trussed, they are rather impressive.



Robert Lepage in his 'Needles and Opium' at the Cottesloe

## Lepage catches the blues

IF YOU want to see a truly pretentious, self-indulgent bit of theatre, hurry to the Cottesloe where there only 16 performances of *Needles and Opium*, described as "a new solo piece written, performed and directed by Robert Lepage".

One line in the text just about sums it up: "Jean-Paul Sartre doesn't live here any more." The monologue goes on: "In other words, he's been dead for about 10 years," and, here I begin to paraphrase, "but since the caller didn't believe me, I told him to call back later."

The date is roughly accurate. Sartre, the French playwright and philosopher whose name will be forever coupled with existentialism and Simone de Beauvoir, died in 1980. You can be forgiven for thinking that he disappeared many years earlier. It is remarkable that anyone should wish to bring him back.

Also making a comeback is Jean Cocteau, another French writer described in *Needles and Opium* as "the prince of French poets". On the strength of a 20 day visit to New York in 1949, on the aeroplane back to Paris he wrote a "Letter to the Americans" telling them that the new world was not so bad after all: it had such wonderful jazz. "I know that bible trumpet, that trumpet dear to black people," Cocteau explained. "When Louis Armstrong puts it to his lips the sound rises to an angel's cry. What does this cry mean?" Lepage may be trying to tell us.

At the same time as Cocteau went to the US, Miles Davis

was making his first visit to Europe. He was even more impressed by the old world than Cocteau was by the new. He met Sartre, Picasso and Juliette Greco and was so miserable about returning to America that on the flight home he was unable to speak. This, one supposes, is the Franco-American synthesis, American jazz and French intellectualism. One day, we are told, a bit of Davis's lip fell off into his trumpet "like sperm into a womb". It was the birth of the Miles sound.

Of the two good things in this production, one is the playing of some of the Davis music in the background. The other is the versatility and charm of Lepage as he leaps about flying the Atlantic and talking on the telephone. The rest is diva. A lot of the action, such as it is, takes place on screen, from behind the scenes come the recurrent sounds of a female orgasm.

Lepage is director of French Theatre at Canada's National Arts Centre and has a high international reputation. On the evidence of *Needles and Opium* he is living in the 1960s, when he might have been thought adventurous. One looks forward with curiosity to his production of *A Midsummer Night's Dream* at the Royal National Theatre in July. At least he will have better material.

Malcolm Rutherford

In repertory at the Cottesloe in association with Cultural Industry Ltd. (071) 928 2262

## Radio Switched on to suicide

SOCIAL PROBLEMS liable to affect the young people who listen to Radio 1 (sex, drugs and so on) are sometimes treated there with the same understanding as they pay to more everyday concerns. On Wednesday of this week, Mark Goodier presented the first of four sessions on the current problem: suicide.

This is now the third commonest cause of death among our under-25s, and for every death there are 20 attempts. Two examples were examined, a boy and a girl, neither of whom had given any warning. Wisely, we heard not psychiatrists' but family voices, the kind of voice that would be easily accessible to the sufferer. The programme centred on the need to discuss distress with others - if not a friend or relation, then the Samaritans.

The Samaritans' number was given constantly during the programme, 0345-909090. It is always available.

Older listeners should have heard *New Men into Wild Men* (Radio 4, Thursday). Nigel Farrelly bravely joined a weekend test of the principles laid down by Robert Bly for the American Men's Movement. They seek to restore the masculinity men lose by subjection to parents, fathers especially. Physical exercise is evidently not the answer, but day-long drumming and dancing, blowing out, hard, "to expel the angry child", and, most of all, listen-

ing to stories. Stories about the faults of fathers, mostly, but also made-up stories, like the long saga of the pig-herder and the princess. Well, there were 110 men with Farrelly, and each paid £300, so watch out for the new masculine men. Rachel Yorke (feminine) was producer.

Sydney Smith, the subject of Radio 4's four-part Wednesday feature by Roderick Graham, *Trumpets and Pote Cras*, was called "one of the best of men", not for drumming but mainly for his wit. He rates a page and a half in *The Oxford Dictionary of Quotations*, and he made sure that his wit reached the

right people, inviting them if necessary to such items as his lectures on Moral Philosophy ("the most successful swindle of the season," as he put it).

Wit is an ideal launch into a radio feature; but there was more to Smith than fun. In the first programme alone, he has been to Winchester and Oxford (hating both), been a tutor, a curate or better in three counties (as compelled by the Clerical Residency Act), married, worked on the *Edinburgh Review*, begun campaigns against the game laws and for Catholic emancipation. Never a statesman, not even a bishop,

Smith was listened to and admired, as he still is, in Robert Lang's convincing performance, Jane Morgan directs these enjoyable programmes.

Of *Hamlet* I have already written. Perry Pontac's absurd *Hamlet Part II* (Radio 3, Monday) had nothing in common with it but iambic pentameters and all those names. Seltzer, a Danish ambassador, returns after absence abroad to find everyone he (and we) knew is dead. He marries Claudius's bastard daughter and resolves to seize the throne. Enter the Ghost, still alive and keen to resume his reign. So Seltzer

re-murders him; but the Ghost, having foreseen this, has poisoned him. If they really needed a Part II, why not *Alethea Hayter's Horatio's Version* (Faber, 1972), very funny, and actually based on *Hamlet*?

A *Different Woman* (Radio 4, Tuesday) was by Perry Pontac in a slightly better vein. Agatha Christie's convincing performance, Jane Morgan directs these enjoyable programmes. Of *Hamlet* I have already written. Perry Pontac's absurd *Hamlet Part II* (Radio 3, Monday) had nothing in common with it but iambic pentameters and all those names. Seltzer, a Danish ambassador, returns after absence abroad to find everyone he (and we) knew is dead. He marries Claudius's bastard daughter and resolves to seize the throne. Enter the Ghost, still alive and keen to resume his reign. So Seltzer

B.A. Young

## Dance/Clement Crisp Rambert workshops

THE RAMBERT tradition of finding new choreographers - as old as the company, and hence as old as our ballet in this century - continues with this week's creative workshops at Riverside Studios. Six dancers from the company have produced new work. In commenting upon such shorn lambs, critical wind has to be tempered. That these debutants have made dances worth showing to the public is in itself an achievement. An awful lot of nonsense litters the modern dance scene. (I treasure the memory of Marie Rambert storming out of one performance in the 1960s, tossing away her programme with a ringing declaration of "rub-bis", as a proper response). The present Rambert editorial process has saved us from anything too embarrassing, and though the new works are uneven, none disgraces the company name.

Solos by Glenn Wilkinson and Gary Lambert were evidence of the influence exerted by Laurie Booth. Both creators are plainly taken by the curving lines of dynamics that mark the choreography for piano music. The result is a series in terms of their own considerable technical skills. Wilkinson's dance looks lighter in musculature, movement oiled

over the stage (though he seems occasionally to have been trapped into awkward transitions). It is mercurial, attractive. Lambert's solo is set to rap poetry, whose images provide occasional pauses and gestural references for a dance that is exactly in its phrasing, stimulating (and taxing) in its flow of energy. Both pieces are well worth watching. I liked, too, Sara Matthews' *Passing Through* which has the audacity to use the andante from Beethoven's "Ghost" trio. Seven dancers in pale costumes cross the stage, return for solos and duets, and their movement never offends Beethoven. It is quiet, contemplative dance, with particularly touching work for Jacqueline Jones and Paul Old, particularly for the latter, who expects the choreography to reveal even part of what the music does, but the matching of mood for mood is sensitive, and the movement is fluent, grateful to watch.

Two studies, by Colin Poole and Sarah Worsop, were necessary exercises by apprentice talents, but I found Mark Baldwin's *Gone* altogether more considerable. Using Grieg piano music, he offered a series of half-serious, half-mocking movement sketches that set with an off-beat appositeness upon the music's naivete. Lee Boggess behaved like a strange bird; Amanda Britton danced unexpected shapes; other dancers ran, posed, were caught up in a secret world of games and relationships. There were moments that seemed bland, but Mark Baldwin is a choreographer. And as a traveller's note, let me again record that Hammersmith's abominable metro station and underpasses is a hell-spot, dangerous, confusing, hideous.

Rambert Dance Company workshops continue at Riverside Studios until May 2

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Norbert Burger, Mayor of Cologne, explains why a statue of the RAF's wartime Bomber Command chief, Sir Arthur Harris, should not be unveiled by the Queen Mother on May 31.

THE PRESENT period of European history should make us think twice about raising monuments to heroes of past wars. The members of the European Community have agreed to scrap borders between each other. We want to live in friendship with our neighbours. This is a unique achievement in European history.

We must, of course, accept that Adolf Hitler in 1939 started a war unprecedented in its scope, its brutality and its outcome. We must hope that the Second World War will indeed remain unprecedented. In the past half-century the face of the world and the face of Europe have been transformed. Enmity between Britain and Germany has given way to friendship.

## Bomber Harris: 'a tactless choice'

Contacts between British and German people flourish on every level. One good example is the partnership between Liverpool and Cologne, a link which celebrates its 40th anniversary this year. Together with a delegation from Cologne I paid a visit just a few weeks ago to our English partner city on the Mersey. We have particularly strong ties in culture, art and sport. It is a symbol of how things have changed for the good.

I do not anticipate that this friendship will be spoiled by the planned unveiling of the statue of Sir Arthur Harris. But I cannot say I am happy about it. I heard about the plan last year. I wrote in October 1991 to Sir Christopher Mallaby the British ambassador in Bonn, and to Hans-Dietrich Genscher, then German foreign minister, to

say that it would be wrong to put up such a monument. I had the feeling that old wounds which had healed could be torn open again.

I want to clear up any misunderstandings about this. I have no intention of suppressing memories of the war. I certainly do not want to unleash tones of revanchism. There is absolutely no doubt that Hitler's Germany started the war. Germany takes responsibility for it. I made this point clear recently when opening an exhibition commemorating the "1000-bomber attack on Cologne" on May 31 1942. My words were: "We must not forget: Carpet bombing aimed above all against civilian populations was first planned and carried out by Germans." Nazi Germany's attacks on Warsaw, Rotterdam, Belgrade and, above all, Coventry, provide

the evidence for this.

In the night of May 30/31 1942, Cologne was the target of around 1,000 British aeroplanes, which dropped more than 100,000 incendiary bombs and around 1,000 high-explosive bombs, above all on the city centre. According to the official figures, 470 people died during the night. More than 5,000 were wounded and around 100,000 were left homeless. In addition to this, Cologne lost a great deal of its substance. The city lost its face. Many historic buildings were destroyed.

Sir Arthur Harris, the supreme commander of Royal Air Force Bomber Command, was responsible for the military and strategic planning of this first 1,000 bomber attack. I am very worried that this monument will idealise a man who was partly responsible for the

deaths of tens of thousands of civilians and for the destruction of many cities.

It is a moot point whether attacks on civilian populations made strategic sense. I believe that the victory over Hitler's Germany came not because of bomb attacks on civilian targets, but through the fronts opened in the Soviet Union, Africa and France, and as a result of the air battle over Britain. But even if the bombing offensive is ascribed a different significance, it has to be acknowledged that no other inventor or executor of instruments or actions of mass destruction has had a monument raised in his name. And rightly so.

No monument has been erected to Einstein on account of the development of the atom bomb. And certainly this has not been done for the

generals and bomber crews who dropped the bombs on Hiroshima and Nagasaki. It could be argued that these actions ended the war more quickly and avoided further innocent victims. None the less, no one - perhaps because of guilty consciences - wanted to put up monuments to those who carried out the bombing.

All this explains why I am against the statue. We are trying to build a Europe of peace and friendship. It is particularly unfortunate that this monument is being unveiled precisely on May 31 - the anniversary of the attack on Cologne.

It is much more sensible to use this day to commemorate all the victims of the Second World War with an ecumenical church service. Such a service is taking place in Cologne and there is also one in Canterbury, to which I have been invited. We must extend the hand of friendship to each other. And we must build a peaceful future for the whole of Europe.

## Kate Adie's army

Michael Thompson-Noel



I HAVE kept a low profile this week, mainly from a desire to avoid the luminous and exhausting presence of my executive assistant, Miss Lee. Kate Adie's husband is not, for which I am grateful. How I sympathise with the Libyans. But the Kate Adie tendency - a shrill imperiousness, horrible vivacity, an overbearing elegance - is fast gaining ground among the 14m women in Britain who happen to be over 40, including Miss Lee.

Yesterday was especially difficult for it was the first day of May, and we all know what Kate Adie acolytes do on May 1 if they live in Notting Hill and are equipped, by genes or medical science, with all that terrible energy: they don their Jaeger gardening clothes and make copious notes from the *Reader's Digest Gardening Year* - a planner's guide to what needs doing when during the full revolving cycle of the modern gardening calendar.

You would be surprised at the amount of work called for in a Notting Hill garden in May. Everything needs attention: lawns, roses, dahlias, chrysanthemums, irises, alpine, water plants and algae, heathers, hedges, fruit, herbs, patios, slugs.

Yesterday, Miss Lee launched her annual campaign against slugs, aphids and caterpillars. Also next door's cat. She mixed several vats of poison and took down her flame-thrower.

Before exiting to the garden, she looked in on me. "Michael," said Miss Lee. "Apart from having your hair cut and cleaning your shoes and starting, however timidly, to do something about the state of the

## HAWKS & HANDSAWS

dining room windows, what is your game-plan today? Are you writing any words, dazzling us with any penance?"

I explained that my main task of the day was packing my suitcase for my trip to Czechoslovakia, and rounding up all the books I was at present half-way through. "You would be surprised," I said, "how many books I am at present half-way through. They include *Elegance*, by Helen Bullock. It is about women over 40 - how, at that age, they are sleek, chic and at their peak."

"It is riveting," I continued. "I now feel I can hold my own whenever the conversation at a dinner party, as it were, turns to blemishes, mammary glands, abdominoplasty or liposuction. I have discovered yoga and earth dancing, the role of riboflavin, the importance of benzoyl, workstyle, lifestyle and skill development, the truth of the dictum 'Every woman has clothes but not every woman has something to wear', and why taking a lover is cheaper than psychoanalysis and healthier than gin when it comes, quote unquote, to beating marital mid-life blues."

Miss Lee was furious. "Who gave you that book?" she demanded.

"The Books editor," I said. "He had no right to do so. Anyway, I thought people at the FT were supposed to write about the reverse yield gap and bankers' follies. Why are you permitted to write rude pieces about the Olympics or flit off to Nasa so as to oblige the search for extraterrestrial intelligence?"

"Miss Lee," I said. "Most of my colleagues do write about the reverse yield gap and bankers' follies. Subjects like that are known as the core. But the editorial affairs of the paper are governed by polymaths, Renaissance men, who have determined that the FT's full coverage should include the occasional piece on extraterrestrial intelligence or sport or food or travel."

"These subjects are known as the froth. That is the technical term. I am a specialist in froth. And under certain improbable circumstances the froth could be held to include riboflavin and liposuction."

Miss Lee snarled. "If you're so cute," she said, "perhaps you ought to read Chapter 14 of *Elegance*," on which note she gathered up her equipment and swept out to her slugs.

I glanced at Chapter 14. It is entitled *Menstyle*. It's just what you'd expect. It includes a list of the 10 things about men that drive women barmy: unreliability, absenteeism, lying, irresponsibility, helplessness, stiffness, dullness, laziness, cruelty, deafness. I did a quick check - Test Your Manliness With Marks Out Of 10, that sort of thing. My average score per category was 9.65. Pretty virile, huh?

"Miss Lee," I shouted. But my cries were drowned by the roar of the flame-thrower.

*Elegance*, by Helen Bullock, is published by Hodder & Stoughton on May 7, £16.99.

Interview/Alastair Macaulay

## The opera diva who moves in mysterious ways

MUCH OF the finest theatre today occurs in opera. True, there are still singers who just stand on a stage and sing. But some opera companies have built their house styles around their sheer theatrical vigour, and some operatic artists belong more truly in a theatre than others. One of these is the soprano Josephine Barstow. Though she makes successful recordings, she is best seen live.

John Copley, who has directed her in several of her finest interpretations, has said that she could be a member of the National Theatre. Even 18 years after her first opera, I cannot forget some of the moves she made onstage then - how musically and psychologically acute they were. So, when we met, I asked her about how she conceives the physical side of a role.

"I like to find a physical shape to a character. Salome is lithe. She's snake-like. And I know how Tosca moves: she's very sensual; she has great consciousness of her body. Especially in Act I, she's sexual, with men. It's in her body. She has a powerful body, singers often do."

Does she work on keeping fit? "Not really. I have a bicycle which I often ride to work in London. And in the country I ride. I have two cars, you see. I also run a stud farm in the country."

"In Sussex I have dogs, cats, ducks and 25 Arabian horses. And I really do go to the animal world for ideas. Salome is one of my cats. And animals help me with Tosca. She's not very intelligent. She gets very jealous, and I take ideas from a horse or a dog - animals that can be very jealous. Or a new-born foal: that's Natasha in *War and Peace*. With Natasha, I think of the shoulders. That's the secret. She has these short sleeves, and this dress that falls. The shoulders must be so lovely, and the head moves against them in this lively way. You can have a thick waist in dresses like that. She's a foal, you see. I was so angry with Tolstoy! At the end of the novel, he describes Natasha as a cosily, happily married woman. She's too rare, too special a type for that."

Barstow is today a leading figure in London opera; in one week last summer she sang Odelella in Verdi's *Attila* at Covent Garden, Katerina in Shostakovich's *Lady Macbeth of Mzensk* at the Coliseum and Puccini's *Tosca* at the Royal Opera. She has sung many roles abroad. Does she have any fixed business for a role? "Well, for that *Tosca* I had to. But ideally, no, I reconceive everything for a different staging when conditions permit."

She has no muscle memory of specific movements, but sums up each role quickly, in physical and psychological terms. Odelella is "a woman who's quite tight". Minnie in *La Fanciulla del West* "belongs in the country. She's loose-

legged, loose-armed. There's space. The people in that opera - their bodies are used to working, to effort. A bit of the John Wayne. Minnie's the nearest to me." The 50-year-old Khina in *The Makropoulos Case* "has, like Tosca, a physical power over men. Which she's fined down. She's quite in control of it. The hardest thing is the way she rapidly declines at the end. But she gets intimations of the disintegration before. I used to try to get it by shivering, a quite involuntary shudder. She doesn't recognise it. And, like Ekaterina in *Lady Macbeth*, she's grown out of all the social graces. She doesn't bother about being liked. She's something I love in her."

Ellen in *Peter Grimes*? "She is a still lady. She belongs to the village. To people who can't understand. The opera is about society not understanding Peter - who represents the artist, a homosexual, whatever. Her own tragedy is that

### Singer Josephine Barstow explains the importance of theatre in an operatic setting

she can't break away from that. She does bravely dictate to herself and her own society. But when the chips are down, she fails Peter; she is not equipped to cope. She's an ordinary mortal. And that's quite interesting."

Amelia in *Un Ballo in maschera*, torn between loyalty to her husband and her guilty love for the king, "is quite still too. Her stiffness comes from struggling to keep control of herself. It comes from pain, and from her struggle to control pain, her own endeavour to control what's happening. I just love Verdi heroines because you know how they think. And yet that gives you great leeway. Amelia is a gentle, honourable woman struggling with a moral problem. She's not on parade."

Unlike Elisabeth in Verdi's *Don Carlos*. "You never see Elisabeth happy - except in the first act, at Fontainebleau. She's French, princess who marries the Spanish king. With such a character, you express emotion by details - flickers of fingers. She wouldn't betray herself by a change of physical shape. But in the bedroom, when she faints, then you see her own shape. It's her husband's bedroom, after all, and she's dressed differently, in her night clothes."

Violante, the consumptive Lady of the Camellias in Verdi's *La Traviata*, is a role with which she has been associated for many years. "I

first did her long before I had the farm. My Violante was very Garbo. I was just crazy about *Camille*. I loved Garbo's posture there. And her laugh! Barstow demonstrates the lifted head, the revealed throat, the radiant face. "But I couldn't really do that, so I cut that. Garbo could have played all the first act to perfection."

"Then when I prepared the 1973 Coliseum production, John Copley established a train of thought in me. A lot of the movement came from that. He gave me a wonderful relaxation at the beginning of Act II. It's such a brief moment, and he had the idea of having me enter with a basket of flowers and a hat. How about Act II, scene 2 - the party scene? "She's stiffer-backed there. (Garbo again) She's trying to hold herself together."

And Violante's consumption? "We studied it medically speaking. We thought of blood coming up into the mouth. And the feeling of heaviness. She's incredibly tired. Then suddenly you get a spurt of energy."

What about another consumptive role, Mimì in Puccini's *La Bohème*? "Anyone can make an audience weep in Mimì's death scene. The trick is to make them cry in Act III, and, above all, in Act II of *Traviata*. And it's a success if I've stopped the audience applauding. Because then they're thinking. That's the triumph."

She has sung one Wagner role, Siegfried in *The Valkyrie*. "What's interesting there is the suspension of time. Being allowed to take time - to let it happen. There's not just time to move, there's time just to look across the room."

One of the roles she has sung most is Richard Strauss's *Salome*. What of the long Dance of the Seven Veils? "My first *Salome* was here, at English National Opera, and the dance couldn't have worked in any other production. There's no way that I can do a real dance. Frankly, that music, at that length, would be hard even for a ballerina. I like it if there's more of a plot to it, with mime. That's what Harry Kupfer, in East Germany, wanted. He has this idea that the dance refers to features of Salome's whole story. But I'm not a dancer. You can tell if people can dance from the look of them. Dancers are neat, and I'm not."

In the same composer's *Der Rosenkavalier*, she graduated from the youthful role of Octavian (the Knight of the Rose) to that of his female lover, the Marschallin, a woman who is past her first youth. "Octavian is simple. He's always there. It's one of the most exhausting roles I've ever played. But I didn't really find him very interesting. I love the role of the Marschallin so much; and I'm glad that doing Octavian gave me a chance to see the Marschallin at first from outside. Both of them share the same upbringing: that class, that eight-



teenth-century world. None of these characters are inelegant. It's a very particular part of the world, a particular city, a particular decade. And the Marschallin - she's too perfect."

Is there a difference in the way the Marschallin and Octavian carry themselves? "He's a man; she's a woman. The costumes tell you so much. You see the outlines of her legs. He sits in a chair so as to display his calves. With her, it's the shoulders and the chest. The costume dictates how you should move. I wouldn't have been considered right in that era. I'm more physically close to Natasha."

One of her most resplendent roles has been Katerina in *Lady Macbeth of Mzensk*. Here she murders to get and keep what she wants. In Act Three of David Pountney's produc-

tion for English National Opera, she has a long and phenomenal passage when she sits completely still, while singing; then remains totally still, when listening; then, slowly, she rises and moves towards a character who has been taunting her, and fights her until they drown together.

"What I found difficult was why Katerina was so malignant, vindictive. I didn't understand. Finally I decided that she tells you. Her last few words are: 'There's a black lake in the forest, black as oil.' For me, she's talking about something she's decided in herself. I understand, so I just let it happen."

I asked about the difficulty of stillness onstage. "I'm getting better at that. I'm making more happen within the stillness. In *Lady Macbeth* the rest of David's production

moves; I'm the still centre. I learnt economy there. Not crossing every T, dotting every I. Leaving the audience to make up their own minds. The less you do, the better. The concentration's inside. I tried to keep this black centre going."

I asked about one more Verdi heroine, the poignant Leonora in *The Force of Destiny*, never free from the conflict between love and her family's opposition even after years in solitude. "Oh, I don't know what to say about her now. It's been quite a few years since I sang the role, and I'd have to delve down to find her again. I sang the role again this September at the Coliseum, in a new production directed by Nicholas Hytner. She brightened. "Yes, so it's just as well I've forgotten how I used to do her."

much. The winner will also collect the \$1m a German computer company is offering for the first player from outside the old USSR to reach the final. The prize fund for the final will be \$4m.

Short said: "It's true players have to scribble and save in chess these days. But once you reach the last eight of the world championship, the money becomes pretty interesting." Kasparov himself is reputed to charge a \$20,000 fee for anything from a simultaneous exhibition to a computer endorsement.

Short's success will have a positive impact on chess in Britain but it will not in itself reverse a trend of diminishing sponsorship and tournament opportunities.

"I am not sure that chess administrators can do anything fundamentally to change things," Short says. "I don't think the economic climate is to blame. We had a boom in the '80s and the number of tournaments did not increase." What chess in Britain needs is a winning personality at the top: in Nigel Short it has found one.

## The Short route to the top

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grandmasters, a stimulus to Miles, Keene, and their contemporaries. Finally he provided funds to help juniors. Shown some photos of rising talents in 1974, Slater pointed to Short's picture and said "That's the boy to beat the Russians."

When Slater had to drop out in the late 1970s, Lloyds Bank took over. By now the rising talents were in their teens, needing opportunities to qualify for GM and master titles or official world rankings. The first Lloyds Bank sponsorship was a clock match where Karpov met the ten best juniors, led by Short. Four later became GMs. The Lloyds Bank Masters, held annually since 1977, gives up to 50 boys and girls the chance for adult international honours. By 1980 Britain had more juniors with world rankings than any other nation.

In 1978 England beat the Russians for the world under-26 championship. Miles and Keene were followed as GMs into the national team by the Oxbridge mathematicians John Nunn, Jonathan Mestel and Jon

Speelman. This coincided with sponsorship from private bankers Duncan Lawrie, which provided the national team with fees, hotel facilities, and Wade's secret files on rivals. The effect was dramatic. At the 1970 Olympics England were outside the top 20. During the 1980s, with Short an established member, the England team won the silver medal at the chess Olympics three times in succession, finishing tantalisingly close to the Soviet team in Dubai in 1986. The Russians only scraped home when Kasparov won the last game to finish.

The break-up of the Soviet Union means that many strong GMs will represent Latvia, Estonia, Lithuania, Georgia and the Ukraine. The opportunity is growing for England to emerge as world champions.

Short grew up in the mining town of Atherton, near Bolton, where his father David was in public relations and his mother a teacher. Both

grandfathers worked down the pit. Nigel learnt the game at six, insisting on being taught after watching his father teach his older brother. He improved quickly and his father asked if Nigel could join the local Bolton club. The secretary replied that there were no facilities for such a young child, who anyway ought to be in bed by the time the meetings started. David's response was to advertise in the local paper and start his own chess club in Atherton, which later defeated its more eminent rival.

Short rose rapidly. At 12, he was the youngest British championship finalist. At 14, he tied for the title; at 15, he was runner-up to Kasparov for the world under-20 championship. There was a hiatus in his mid-teens when he unwillingly completed his formal education at Bolton School. Even so he became the world's youngest international master while emerging with indifferent

O-levels. By 19, he was the youngest GM; from then on, the targets were Kasparov and Karpov.

Short is endowed with a resilient temperament, essential for surviving in a highly competitive sport. Superficially, he takes a light-hearted, slightly cynical, approach, and likes to give players schoolboy nicknames - Konky, Nogy and so on. High calibre opponents are "smart", to win is to "give a guy a good tucking". But he strives to be objective about his games and has political ambitions (once SLD, now Conservative) for when he eventually retires from chess. His wife and the recent birth of a baby daughter have given his life a stability that many professional chess players never find time for.

As the world title has become more of a realistic ambition and less of a dream, Short has become harder. He makes no secret of the fact that he not only wants to win,

he wants to crush his opponent the same attitude and phraseology which Fischer used in his heyday. He said in a recent interview with Dominic Lawson: "I am getting much more pleasure out of humiliating a guy. It is a warped sense of pleasure... you play these people over the years - the Soviets particularly, and they are warped, twisted and mean. They won't spare you any pain. So when you get a chance to inflict suffering on them, I get a kick out of it. So now I like to play positions when I can torture the guy slowly. Slowly is important."

Short could become the UK's first chess millionaire. Although there is little money in chess on the weekend tournament circuit, at the top the prizes are huge. The purse for the Karpov match was \$575,000, (\$55,780) divided five-eighths and three-eighths between winner and loser. In the final round of the Candidates, he can expect twice as